

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

MONTHLY MEETING

TRANSCRIPT OF PROCEEDINGS

SANTA CLARA COUNTY ADMINISTRATIVE BUILDING

SANTA CLARA COUNTY BOARD OF SUPERVISORS CHAMBERS

70 WEST HEDDING STREET

SAN JOSE, CA 95110

THURSDAY, APRIL 21, 2016

10:00 A.M.

Reported by: Peter Petty

APPEARANCESBOARD MEMBERS

Dan Richard, Chairman

Tom Richards, Vice Chair

Lynn Schenk

Daniel Curtin

Lou Correa

Bonnie Lowenthal

Lorraine Paskett (Joined the meeting at 11:09 a.m.)

STAFF

Jeff Morales, Chief Executive Officer

Janice Harlan, Board Secretary

Diana Gomez

Mark McLoughlin

CONTRACTORS/CONSULTANTS

Thierry Prate, Parsons Brinckerhoff

Kurt Ramey, KPMG

ALSO PRESENT

Sam Liccardo, Mayor, San Jose

Kim Walesh, City of San Jose

APPEARANCES (CONT.)ALSO PRESENT (Cont.)

Jim Ortbal, City of San Jose

Dave Cortese, Supervisor, Santa Clara County

PUBLIC COMMENT

Ed Reiskin, SFMTA

Jim Hartnett, Caltrain

Steve Heminger, MTC

Vito Chiesa, Supervisor, Stanislaus County

Tony Dossetti, Merced City Council

Brad Underwood, City of San Mateo

Jacqui Kitchen, City of Bakersfield

Bill Spriggs, Merced Chamber of Commerce

Bill Rankin, North Willow Glen Neighborhood Association

Harvey Darnell, Greater Gardner Coalition

Larry Ames

Frank Oliveira, CCHSRA

Danny Garza, Mexican American Political Association (MAPA)

Shane Smith

Isaias Rumayor, UC Merced I Will Ride

Rita Wespi, Californians Advocating Responsible Rail Design
(CARRD)

APPEARANCES (CONT.)PUBLIC COMMENT (Cont.)

Nadia Naik, CARRD

Elizabeth Alexis, CARRD

David Cameron, International Brotherhood of Teamsters Union

Paul Guerrero, La Raza Roundtable de California

Victor Garza, La Raza Roundtable de California

Rose Amador-LeBeau, ConXion to Community

Diana LaCome, APAC

Robert Allen

Craig Pasqua, American Indian Community Action Board,
Native Voice TV

Michael Tsai

Jason Holder, Esq. CC-HSR & CCHSFCA

Sean Hodgdon, I Will Ride UC Merced

Tilly Chang, San Francisco County Transportation Authority

Christopher Stanton, California Native Garden Foundation

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P R O C E E D I N G S

10:06 a.m.

PROCEEDINGS BEGIN AT 10:06 A.M.

SAN JOSE, CALIFORNIA, THURSDAY, APRIL 21, 2016

CHAIRMAN RICHARD: Good morning, and welcome everyone to this meeting of the California High-Speed Rail Authority. We are fortunate to be here in beautiful San Jose this morning. I want to thank the Members of the Santa Clara County Board of Supervisors for allowing us to use their facility here.

I want to congratulate the Sharks for holding on last night and that was really exciting. That was very good.

I'll ask the Secretary to please call the roll, so we can commence the meeting.

MS. HARLAN: Director Schenk?

BOARD MEMBER SCHENK: Here.

MS. HARLAN: Vice Chair Richards?

VICE CHAIR RICHARDS: Here.

MS. HARLAN: Director Rossi?

BOARD MEMBER ROSSI:

MS. HARLAN: Director Correa?

BOARD MEMBER CORREA: Here.

MS. HARLAN: Director Curtin?

BOARD MEMBER CURTIN: Here.

MS. HARLAN: Director Paskett?

BOARD MEMBER PASKETT:

MS. HARLAN: Director Lowenthal?

BOARD MEMBER LOWENTHAL: Here.

MS. HARLAN: Chair Richard?

CHAIRMAN RICHARD: I'm here.

Could you all please rise and face the flag and join me in the Pledge of Allegiance?

(The Pledge of Allegiance is made.)

CHAIRMAN RICHARD: Before we start with our agenda this morning, and I'll be announcing some reordering of the agenda, we're very honored to be joined this morning by the Mayor of the great city of San Jose. We appreciate his coming by to welcome us. And I'd like to recognize the Honorable Sam Liccardo, the Mayor of San Jose.

Mr. Mayor, welcome.

(Applause.)

MAYOR LICCARDO: Yeah, it's an honor to be with you all here today. Welcome to the City of San Jose, America's 10th largest.

We're certainly grateful that you are here, Mr. Chairman and the entire Board, as well as the Chief Executive Officer, Jeff Morales. We have had a great relationship with your organization for several years now. And here, at the City of San Jose, we strongly support the

California High-Speed Rail Authority's effort to plan and build a high-speed rail system that connects the state's major population and economic centers. As you mentioned earlier, we are engaged in a bit of a playoff skirmish with our friends down in L.A. And we look forward in 2029 to having a high-speed rail system will get Kings fans to the San Jose arena for our victorious (laughter) championship game.

We look forward to all the extraordinary benefits that this incredible project can bring. Certainly the great environmental benefits that can come both with California High-speed Rail and sensible land use planning; the economic benefits of connecting the great regions of our state; and particularly with this segment connecting many communities in the Central Valley, which are currently experiencing unemployment rates still in the double digits with the incredible jobs here in Silicon Valley; the opportunity to electrify and expand the capacity of Caltrain; the ability to create many high-paying jobs, both to build and operate this system. This is an extraordinary opportunity.

And I know I'm joined by many other members of the community who are here. I just saw a former member of your Board, Rod Diridon, who's been a great champion for rail here in our valley. Of course Steve Heminger, who's

the head of our Metropolitan Transportation Commission, we are all in and working with you.

I also want to recognize Ben Tripousis, who is one of our own, our former City of San Jose senior officials in Transportation. We know he's working hard to make this work for all of us here in San Jose and for the residents of California.

I want to draw your particular attention to two issues. First, the extraordinarily unique partnership we have in the Diridon area around and intermodal transportation center with High-Speed Rail and other partners, like VTA and Caltrain. We have an incredible opportunity here to make Diridon a vital destination, an intermodal center that will rival many other cities throughout North America. Today Amtrak, Altamont Commuter Express, Caltrain, VTA Light Rail, VTA BusRapid Transit all converge there at Diridon.

And certainly by 2025, when this segment is completed we will have both BART and high-speed rail -- 600 trains a day -- making this one of the leading multimodal centers on the continent. This is an extraordinary opportunity.

But, of course, we will need to see investment from all of our partners to make that Diridon station really reflective of our vision of a transformative station

environment for Downtown San Jose and for the entire region.

Secondly, we really need to continue to pursue this project and partnership with our community. We look forward to continuing to engage proactively with you and with our community, fairly and openly. We know that there are impacts in any neighborhood where you have a transit project. We look forward to doing so collaboratively with you and achieving much more than what we can accomplish alone.

And I think we all agree we want to deliver a very high-quality project for all of our residents here in San Jose and throughout the state.

We appreciate what a vital project this can become, not just for the City of San Jose, but for the State of California and ultimately for the planet. So we look forward to the years ahead.

Thank you very much.

CHAIRMAN RICHARD: Thank you, Mr. Mayor.

Thank you, Mayor Liccardo, for your leadership not only on transportation, but on other issues here. And we very much appreciate your joining us this morning.

I'd like to take a moment and announce a change in the order of our proceedings today. Normally, we have the public make their comments on any agenda item at the

top of our meeting. But our meeting today is primarily centered around the consideration of the 2016 Draft Business Plan, which is due to be submitted to the Legislature by May 1st.

The public comment period of 60 days did close on Monday. And we got many, many comments and we appreciate the active participation of citizens throughout California, who did comment on this. And as you know on our agenda today our CEO Jeff Morales will be presenting a staff presentation that not only summarizes those comments, but also make recommendations to our Board for changes in the Draft Business Plan based on the comments and input that we've received from the public and through the legislative hearing process.

In order to give all of you the opportunity to hear that and reflect on it prior to your comments, we're going to have the CEO's presentation precede public comments. And then after that we will move through the public comment period. Mr. Morales tells me that this presentation will be relatively compact while being complete. So it shouldn't take too terribly long.

Given that those people in the room today will have the opportunity to comment on the staff recommendations we've decided to also afford that opportunity to all citizens. And so we are going to have a

separate public comment period related to the presentation that is made today. And on our website you will be able to find not only a copy of the staff presentation today, but also the mechanisms by which you can comment. And we will have that comment period open until Monday evening at 5:00 p.m. That's the 25th of April at 5:00 p.m.

Now all of that also means that today's meeting of our Board will really be to hear the comments from our staff and from the public. And it will have an opportunity for us to reflect on those. We will recess at the end of this, not adjourn, and convene sometime next week for a deliberation only session where we have an opportunity to reflect on not only our staff's input, but any further public input.

So just to recapitulate staff briefing first, than your public comments today, your fellow citizens will have an opportunity to supplement their comments until Monday the 25th. And we will reconvene sometime next week, which we'll probably announce by the end of this meeting to deliberate on and adopt the Business Plan.

So with that, Mr. Morales, we'll ask you to take center stage.

CHIEF EXECUTIVE OFFICER MORALES: Mr. Chairman and Board Members, I believe the intent also is to run through this presentation and then hold questions until

after the public comment period as well.

CHAIRMAN RICHARD: If we can that would be good.

CHIEF EXECUTIVE OFFICER MORALES: If we can, certainly.

So just a quick summary, as you know the Business Plan's required every two years and legislation describes what the contents of that need to be. As you noted, we are on track to submit this Plan on schedule to the Legislature.

We laid out in the Draft Plan, and it's continued in the Final Plan, key fundamental to this plan in terms of how we are going to move this program forward. And one of the key principles is to get into operations as soon as we can. That's so that we can start delivering the benefits of high-speed rail service to the people of California; start seeing the major GHG reductions; the major benefits of connectivity that will come with operations; and very importantly to engage the private sector participation that has always been anticipated in this program and has been reaffirmed in this plan.

The second key fundamental is to make concurrent strategic investments throughout the state to demonstrate local benefits, to improve local commuter services, inner city rail services and throughout the state wherever we can, ultimately tying all those together in the full Phase

1 system.

And then third to continue and complete the environmental approvals required statewide so we can develop the full system and be ready to move those segments forward as we complete them.

These again are the key highlights in terms of some of the figures in the Draft, but these do not change in the staff recommendations. We're not modifying cost estimates or ridership estimates based on input or based on any additional review. But again, we lay out the plan of getting into operation with the Valley-to-Valley line. We do have some modifications of that, which I will discuss in a moment.

As the Chairman noted we will continue to take some comments on the staff recommendations. This is how we have received comments to date. And it will be similar going forward.

We've had, in addition to our own public comment process, we've had three hearings in the State Legislature, a total of five committees involved in those, where we took -- those were specifically on the Draft Business Plan. And so there was opportunity for the Legislature to weigh in directly as well as the public to comment there. And I will say that we took those hearings as comments into the plan. And you'll see some -- in the staff recommendations

-- some things that came directly out of the legislative hearings.

And, of course, we've continued to work closely with our regional partners and you'll see that reflected as well in the Plan.

As of the 18th we had received a total over 200, 218 comments, covering a range of issues -- came in through a variety of mechanisms. A number of those came in late in the process. And that's one of the reasons we want to make sure the Board has ample opportunity to consider and deliberate those.

Again, our recommendations today do incorporate all of the comments that we have received, incorporate the review and any necessary change, based on all the comments that have come in on those.

So let me talk a little bit about where the comments grouped. And key comments dealt with geographic issues. And those were largely communities, cities who were concerned about potentially being either not included or what the impact of service would be on them.

The first one that I'll talk about is Merced. And as you know in previous plans, the initial operating segment was planned to run from Merced down through the valley into Southern California. This Draft Plan changed that to have an operating leg that ran through the Central

Valley up through Fresno and then across over to Gilroy and here to San Jose.

Communities in Merced were concerned about not being part of that initial operation. And they've made those concerns very clear as have local agencies working with them. We have worked closely with leaders in Merced, legislators, supervisors, elected officials and agencies. And what we are recommending in the Plan is that the Board adopts a position that the goal is to include Merced in the initial operations, and to do that through constructing part of the Wye to connect from Merced over to Gilroy and here to San Jose. And to do that initially, potentially with a single track option, in order to reduce the cost and be able to get that service into place sooner.

Elements of that will be our commitment to get the environmental reviews completed. They're continuing to work with the City of Merced on station area planning. Very importantly working with our partners at ACE, at the San Joaquins, and others on connectivity issues and how we can really create a network in Northern California.

One element of that also is we are proposing in the staff recommendations the addition of a stop at Madera. Madera would provide connectivity to the San Joaquins directly through a cross-platform transfer, essentially.

And as we go forward now we'll be looking at

options of how we can refine the cost of creating this connection to Merced as well as looking and working with our partners at how we can identify funding options and, of course, analyzing specifically ridership and revenue forecasting, so that we can ensure that this line can be operated consistent with law.

The second area of geographic comments was from the City of Bakersfield and Kern County. And we heard those expressed at the Board Meetings as well as at legislative hearings -- the issue there being over an interim station in Shafter, which we had included in the Draft -- it being there because that's the Southern terminus of our existing contracts.

In the staff recommendations what you'll see is clarification that our goal is to not have an interim station, but to be able to go all the way into Bakersfield as part of the initial service. If there is a need for an interim station because of insufficient funding, that we are evaluating and shifting that station North to Wasco to connect at the Amtrak station there, rather than being in Shafter.

We're also clarifying that we are moving forward aggressively with the work to continue the clearance of the alignment into the City of Bakersfield, with the full intent of moving forward on that segment. And in fact the

Board will be meeting in Bakersfield next month, to underscore that commitment.

We also had some comment about obviously the strong interest from the City of San Francisco and others on the Peninsula of making sure that we got not just to San Jose, but also up the Peninsula. And we're certainly clarifying confirming that, reaffirming the commitment to work with Caltrain on the electrification project to have that in place, as well as to identify whatever improvements would be necessary to run our service there.

And also clarifying that the Transbay Transit Center is the ultimate destination and we are committed to working with our partners to see that achieved.

Finally, the other major area of geographic concern came from Southern California. And with the shift to getting initial operations in the north, concerns from Southern California agencies and locals about our commitment, our ability to continue to move forward and advance the project, get to Los Angeles, get to Anaheim and to make interim improvements.

We have worked very closely with our partner agencies there, SCAG playing the coordinating role, but working with all of the transportation agencies as well as the City of Anaheim to reaffirm our commitment to the MOU that we entered into with those entities in 2012 to lay out

a clear path forward to advance specific projects in that corridor and those individual projects, some of which is our goal is to work with our partners to have those moving forward this year.

We've talked at previous meetings about specific improvements like the Rosecrans/Marquardt Grade Separation Project. That single project will improve rail capacity by over 60 percent in Southern California. Tremendous benefits to Orange County, to the Inland Empire and to Los Angeles. And we'll be working with our partners committing to moving that project forward in partnership with them.

We have worked closely, as I said with SCAG and have confirmed with Hasan Ikhata, who testified at legislative hearings that our response in this plan is consistent with their interest and that we are committed to moving forward in partnership.

Beyond the geographic interests we also had some subject matter issues, which -- comments that came in. And we'll run through those and I'll ask some of our technical experts to join me in a little bit more elaboration on these. One being Phase 2 and where we are in that; concerns about relative lack of discussion of the Phase 2 segments and the importance of continuing to move forward. So you will see in the staff recommendations significantly enhanced discussion of Phase 2, of how we are working with

our partners to move that forward and what we will be doing there on that.

Ridership estimates has also been a question. And I will ask Thierry to come up, Thierry Prate who's on our staff, talk about that. But we had some questions raised about the underlying analysis that has been done about ridership and revenue.

CHAIRMAN RICHARD: Good morning, Mr. Prate.

MR. PRATE: Chairman Richard, Members of the Board, good morning. My name is Thierry Prate. I work with the ridership and I'm a member of the Rail Delivery Partner.

CHAIRMAN RICHARD: Could you step a little closer, Thierry, to the microphone?

MR. PRATE: Sorry, yes. Is that better?

CHAIRMAN RICHARD: Yes.

MR. PRATE: So the team looked at all the comments received with regards to ridership and revenue forecast. We didn't really identify any comments that were not addressed in the Business Plan or in the model documentation we have put online with the Business Plan. We can group the comments into the four categories of issues. I'm going to go through those issues very quickly to present the question regards.

The first one, the main question was the increase

of the ridership and revenue that was in the 2016 Business Plan relative to the 2014 Forecast we have. This one is a very straightforward answer. In the 2016 Plan, as you've noted, we have now a system that reaches Anaheim. And that generates additional ridership and revenue, because we reach a further distance into Southern California and reach more attraction on that.

The second was questions around how we use the survey data that goes into the model -- specifically, whether the survey that was conducted around the Phase 1 system was appropriate to be used for forecasting the Valley-to-Valley ridership. Again, we explained this in the model documentation.

What is important to understand is through those surveys we are trying to understand the travel characteristic or the travel attributes of the respondent such as propensity to switch from one mode to another. So we look at cost, time, comfort, frequency of travel, etcetera. So in that regards the length of the system is not directly relevant for the data we used in the model.

The third one is how we've used and set our fares for the model. Some comments said our fares were too low. Some comments said our fares were too high. Again, what is critical to understand here is we have using an average fare to incorporate and determine the ridership. Like an

airlines our future high-speed rail operator will have the possibility to develop the fare systems. And we will be able to have optimization of those fares, so more attractive fares for some populations or more -- longer fares.

And finally, it's a topic that's been coming up, really since the 2012 Business Plan; we are asked how we would deal with people traveling as a group in a car. And the model again is understand this piece -- and we have a variable that applies a group travel average size per car. In other words if we have more than one people driving the car the model accounts for the fact that it's cheaper for each passenger and therefore relatively more attractive.

So really this is very quick, we've got a lot of comments. I think a lot of this documentation is online with the Draft Business Plan section, but also with the ridership section of the Authority website.

I think (indiscernible) for me.

CHAIRMAN RICHARD: Thank you.

MR. PRATE: Yeah.

So similarly we got some comments on the Operations and Maintenance Forecasts. Here, we got two broad categories of issues raised to us and none of these are strictly new.

I mean the first one is we are asked why we're

not comparing our costs directly with services on the Amtrak seller or even with some other Amtrak routes. I think the Authority has previously made the case that the direct comparison with the seller services is not appropriate for our systems. I mean, the seller is a significantly different system. And we actually compare our cost more with international systems in Europe or in Asia.

The second series of comments we got was again coming from the 2014 or 2012 Review that was done by the International Union of Railway, the UIC. The UIC looked at our model in 2012, provided recommendations for us to enhance and improve the model, which we did in the 2014 Business Plan. And all those recommendations, when appropriate, were include in our Forecast. So in this time around for the 2016 Business Plan we have asked the Network Rail people (indiscernible) part of RDP Network Rail is the rail infrastructure manager that are running and operating and enhancing the UK systems, to review our models. We incorporated some of their input and we essentially used this model for this Business Plan. Thank you.

CHAIRMAN RICHARD: Thank you very much, Thierry.

CHIEF EXECUTIVE OFFICER MORALES: One of the other key areas of topical discussion was the question of funding and financing the system. Funding in the sense of

in particular, we heard from both policy committees in the Legislature, a strong interest in seeing greater discussion of how the remainder of the Phase 1 system could be funded. And so what you'll see in the staff recommendations is an expanded discussion of that.

I think it's important to note in that a little bit of history that when Proposition 1A passed, when the Legislature approved it, when the voters approved it, it provided less than a quarter of what was then estimated as the cost of delivering the system. But said to proceed, to move forward, recognizing that the balance would have to be developed over time. And since that time, a tremendous amount of progress has been made and it's reflected in this plan.

At the time there was no other existing source of funding, state or federal, for high-speed rail. Since that time, we've secured billions of dollars of federal support. Obviously the Governor proposed and the Legislature committed Cap and Trade Funding on an ongoing basis. And as seen in this Plan, the pathway to get to private investment is clearly there and clearly laid out. And the expectation of approximately one-third of the total funding for the program coming from the private sector, you can see how we can get there. And get there by getting into operation, by monetizing the revenues.

And so we've made a tremendous amount of progress. And what we're recommending in the Draft -- sorry, in the staff recommendations -- are again expanded discussion as well as some expanded discussion of federal participation going forward. Proposition 1A clearly assumed that the federal government would play a role in delivering this project.

As the Chairman has noted on other occasions, the federal government has always played a role in major infrastructure projects. You look at the interstate highway system -- 90 to in some cases 100 percent of the cost of developing the interstate system, I-5 here in the state, 280, others -- 90 to 100 percent was borne by the federal government.

And we are seeing, and I'll ask Kurt Ramey who does our financial advisory work, to talk a little bit more about some of the particulars. But we do include expanded discussion about what we believe is a very appropriate role for the federal government going forward. And also the private sector participation.

MR. RAMEY: Thanks Jeff, and thank you for the opportunity to speak with you, Chairman Richard and Members of the Board. I am Kurt Ramey. I'm with KPMG and we're the Financial Advisor for the Authority.

There's actually two areas -- when they put the

next slide up it's going to talk about the other area of question, which was the potential for private investment. And really these things are interrelated, because it is private investment that will actually be part of the funding for the remainder of the Phase 1 system. So I'm going to take the two areas together a bit.

First on the private investment, the 2016 Draft Business Plan and the Final reaffirms the Authority's plan that's been in place for several years, to raise private investment through operating concessions as incremental segments are completed and opened for operations and revenue is proven. So basically it creates the business opportunity, a commercial opportunity, where the private sector can invest and allows money to be rolled forward to future development of segments.

Throughout the last two years the Authority has met with a large number of concessionaires, investors, interested developers, and to a T we've seen confirmation of this strategy.

In addition, just looking external to the Authority and even external to California, the market for raising capital secured by large infrastructure, stable infrastructure projects with proven revenues, is very robust. Just last spring the State of Indiana managed the sale of its operating concession for the Indiana Toll Road,

which is 157 mile toll road across the state. There's an operating entity that is responsible for operations and maintenance, kind of similar to our concession strategy. The sale price for that concession was \$5.7 billion -- big number. So big money is available, but more importantly 30 times -- 30 times projected earnings. Actually it exceeded 30 times projected earnings, and far exceeded the valuation estimate that the market sort of was discussing and the client was discussing at the time.

Government agencies in Texas, Ohio, New York are all looking at this strategy of monetizing existing assets. And we're seeing just a continued growth in this area. And it's across rail, it's across parking, it's across utilities. So we are confident in this part of the strategy.

There's been, as Jeff mentioned, additional information added to the Plan related to funding of Phase 1. And so step one is this monetization strategy, but step two is additional public funding and including additional federal support. As Jeff mentioned federal funding has always been part of the plan. But I would like to point out two recent actions that illustrates that there continues to be a support for intercity rail at the federal level.

Just last week, or this week actually, the Senate

Appropriations Subcommittee for Transportation, Housing and Urban Development approved their 2017 Appropriations Bill. And it included money for consolidated rail infrastructure and state of good repair. This was a discussion that was long coming, but it's moving forward in the current federal structure, so it a modest start. It not huge, it's modest, but it is a start.

Probably on a larger scale, and more significant, is the federal government recently signed an MOU with the governors of New York and New Jersey where the federal government will support 50 percent of the \$25 billion Gateway Tunnel Project. And the federal government support is a combination of both funding and financing. It's a combination of those two things. But an agreement was reached and a document was signed and an intent was certainly created for the federal government to support that project in a major way. All of these are signals that the federal government continues to be interested in intercity rail and that is part of the plan that has -- part of the information that has been added to the Plan.

CHAIRMAN RICHARD: Thank you.

CHIEF EXECUTIVE OFFICER MORALES: Finally Board, I'll just note in addition to the staff recommended changes, which are substantive changes to the Draft we also have an errata sheet, which has been provided to the Board

and to the public for their review correcting anything from grammatical to numerical mistakes, which are not substantive or policy driven in nature. And so you have that as well. All of those again are available on the website as well as to the Board.

And with that, Mr. Chairman, I think we can move to comment.

CHAIRMAN RICHARD: Okay. Thank you very much, Mr. Morales.

And I want to commend everybody who worked on this document, and the staff, for a lot of hard work to analyze the public comments as well as to work with partners and potential partners in Southern California, here in the Bay Area, and in Merced.

So with that I'm going to -- Mr. Correa, do you have a question you wanted to ask --

BOARD MEMBER CORREA: Yes, Mr. Chair, I have some questions and some comments if I may?

CHAIRMAN RICHARD: All right, please.

BOARD MEMBER CORREA: Mr. Morales, first of all I want to thank you for the fine presentation. But I was in the Legislature when this program began and I voted for this program. And as I voted to move this high-speed rail project forward three conditions were the ones I stated would have to be met. Number one that veteran and small

business set-aside contracts -- that our obligation for our veterans would be fulfilled. And it looks like we have so far.

The other one would be private investment would play a role and I think you've outlined your proposal and possibility of essentially securitizing some of the future revenues, so you want to get this line operating as quickly as possible.

The third requirement is the one that I'm a little having trouble here, which was that this line touch and go through Anaheim and through Southern California. So now we're looking at realigning -- I'm not going to put any words in your mouth here, but we're discussing here not going to Southern California, but we're looking at what?

CHIEF EXECUTIVE OFFICER MORALES: Sure, let me -- on your --

BOARD MEMBER CORREA: What we are doing here?

CHIEF EXECUTIVE OFFICER MORALES: Sure. Let me talk on your three points. First, you're right on the disabled veteran business, we do have contractual requirement in all of our contracts and we've met that on every one. We've got, currently I believe the number is 32 disabled veteran businesses under contract working on the project statewide.

And yes the private sector participation we deal

with.

In terms of Anaheim, specifically I really want to note the strong partnership we have with Anaheim. Not just the City, but also the business community in and around Anaheim. And they're very strong interest in ensuring --

BOARD MEMBER CORREA: Anaheim and the County of Orange Business --

CHIEF EXECUTIVE OFFICER MORALES: The Orange County Business Council has been a steadfast supporter as has the Chamber of Commerce and key businesses like Disney, who see the value of connecting Anaheim to the rest of the state through a new mode. And so we've worked with them to do that. And this Plan reflects that.

When we talk about delivering the program and the first operating segment being in the north, that's a phasing or sequencing issue; it's not in any way, shape or form a retreat from the commitment to build the first -- the full Phase 1 system. What we are proposing in this Plan is --

BOARD MEMBER CORREA: So Mr. Morales, we're phasing -- now we're moving to prioritize or in terms of timeline -- move to build this northern portion first, but what are we going to continue to do? Are we going to continue to have activity in Southern California?

CHIEF EXECUTIVE OFFICER MORALES: Yes. And so what's in the Draft and now in the staff recommended changes is some updated discussion of it, but is an initial investment of approximately \$4 billion in the Burbank to Anaheim Corridor.

BOARD MEMBER CORREA: And that would happen when?

CHIEF EXECUTIVE OFFICER MORALES: Some of that would begin right away. We've already -- in fact the Board approved, in March I believe it was, an initial investment in Union Station, which will have -- as part of that process. We are working with Anaheim on grade separation.

BOARD MEMBER CORREA: So that's in Los Angeles. What about the Anaheim area and Orange County?

CHIEF EXECUTIVE OFFICER MORALES: Yeah, in Anaheim we have -- obviously the ARTIC Station is there, which will be our permanent ultimately. We're working with Anaheim on key grade-separation projects that will happen there -- Baldwin and Orangethorpe.

BOARD MEMBER CORREA: And when will that happen?

CHIEF EXECUTIVE OFFICER MORALES: Orangethorpe -- the environmental reviews are underway on those and the plan is to then move into construction as quickly as we can. Hopefully we'll see -- the intent is that we would see the first construction of some of the grade separations this year and then early into next year. Those benefits

would accrue locally, before obviously they get incorporated into the full high-speed rail system.

Some of the other things that we will be doing as part of our investment in that corridor include safety and security upgrades, fencing the corridor, because we'll be in a shared corridor. Right now safety is an issue as it is here on the Peninsula with people being able to access the tracks, fatalities occurring, injuries occurring.

Traffic issues -- I mentioned Rosecrans/Marquardt Grade Separation, which is north of Anaheim in L.A. But it has huge implications for Orange County and Anaheim, because of the Orange County service that runs through there. The capacity will be increased by over 50 percent. So Metrolink service into Anaheim --

BOARD MEMBER CORREA: That is occurring today?

CHIEF EXECUTIVE OFFICER MORALES: That's a project that will be underway this year through our partnership with the local agencies there and will have huge benefits for Anaheim there. And ultimately, as we get there obviously the connectivity of tying together the modes of transportation in Fullerton first -- north in where you see the connectivity to the Inland Empire with Amtrak service, Metrolink -- and then as we get into Anaheim with ARTIC of tying together the local transit services to feed people out and so major benefits to the

City of Anaheim -- to the region.

And another important element that is in the Plan that is funded in the Authority's budget, is the completion of the environmental work between Los Angeles and Anaheim to make sure that all of the improvements can be made as the dollars are available to make them.

BOARD MEMBER CORREA: So as you move ahead with this or this proposed Plan is moving ahead, presume you've been talking as you mentioned earlier with SCAG, City of Anaheim, Los Angeles Region, have your discussions been in the form of a notification or have you been talking to them about essentially concurring with this new plan?

CHIEF EXECUTIVE OFFICER MORALES: It's been on a number of different levels. We have working groups ongoing at the staff level. We meet with the senior executives. Chairman Richard along with the CalSTA Secretary Brian Kelly and I went down recently and met with all the executives there to agree on policy direction and strategic direction.

And we've worked directly on -- We got comments on the Draft Business Plan from the agencies, Anaheim included, and through SCAG. And we have confirmed with them that the plan we are laying out, the recommendations we are laying --

BOARD MEMBER CORREA: So you've met with Anaheim

and SCAG and they have concurred, not just --

CHIEF EXECUTIVE OFFICER MORALES: Yes, that --

BOARD MEMBER CORREA: -- just not notified, but they actually are concurring with this proposal that you're laying out now?

CHIEF EXECUTIVE OFFICER MORALES: That we have responded to their concerns and that we have a plan to go forward and we work together to implement the direction.

BOARD MEMBER CORREA: I have some phone calls to make this week. Thank you very much, sir.

CHIEF EXECUTIVE OFFICER MORALES: Okay, thanks.

CHAIRMAN RICHARD: Thank you, Mr. Correa.

At this point, I think if it's all right I'd like to move to broader public comment. And then we can have further Board discussion and potentially further questions for the staff. So thank you Mr. Morales for that.

I'm going to ask each speaker to keep their remarks to three minutes or under. We have a number of speakers. I always start with elected or public officials and then we take general public comments in order.

So first from the City and County of San Francisco, Ed Reiskin, and he'll be followed by Jim Hartnett from Caltrain.

Good morning and thanks for coming down.

MR. REISKIN: Members of the Board, Mr. Morales,

I want to thank you for giving us the opportunity and thank you for the great work to produce this Draft Plan. And I particularly want to thank the staff for some of the comments that we just heard -- the incorporation of the comments from San Francisco and from other cities across the state. On behalf of Mayor Lee I want to offer our full and enthusiastic support for this Draft Plan and particularly as now potentially amended.

The Mayor, the San Francisco Board of Supervisors, and the people of San Francisco recognize the significant value that high-speed rail will bring to our city, to our region, and to the state and therefore are fully embracing of the work that you've done. We've had a great partnership with the staff of the Authority, with Jeff, and with Ben and others. And we look forward to continuing that partnership.

With regard to the initial operating segment our comments were focused on the importance of getting to Bakersfield and to San Francisco. I think your own models that are in the Draft Plan show significant increases in ridership and revenue by getting to those points as part of that initial segment. And as we just heard from the financial Advisor, getting that ridership and those revenues are going to be essential to attracting the private capital. And I would argue probably essential to

attracting the rest of the public capital from the federal government and otherwise.

So I appreciate the clarity that's being proposed in terms of getting to San Francisco and to Bakersfield as part of that initial segment. I think that's really essentially critical. And on the northern end, in San Francisco, the finish line as mandated by Prop 1A is the Transbay Transit Center, so we appreciate the clarity there.

We are well under way towards completing the Transbay Transit Center, which will be done within two years. We have significantly up-zoned the area around the terminal through our Transit Center District Plan. And if you've been up there recently you see the buildings are going up now. The market is responding and is speaking and is ready for California high-speed rail.

So we encourage all efforts. And we will work in partnership with you to do everything we can to make sure that that downtown extension gets built. We don't want to get to 2025 and be a mile short of the finish line, which is the Transbay Transit Center. So we look forward to continuing to work with your staff, with the region, the state and the federal government to complete the planning, design and funding so that we can get the downtown extension built.

But just so on behalf of the Mayor I want to thank you, offer our full support for the great work you're doing, and pledge to continue working with you all to get this done. Thank you.

CHAIRMAN RICHARD: Thank you, so much.

Jim Hartnett followed by Steve Heminger from MTC.

MR. HARTNETT: Thank you, Mr. Chair, Board Members and Mr. Morales, it's a pleasure to be here and thank you for the opportunity, and thank you for being here in San Jose.

I am very happy that you've found your way to San Jose. And I think Mr. Reiskin has left his heart in San Francisco. And we are in accord with him that we look forward to not just stopping in San Jose, but getting to San Francisco.

As you know I represent the three counties that form the Joint Powers Board that runs the Caltrain commuter system. We are from San Francisco to Gilroy an over 70 mile system that at our current pace provides about 19 million rides per year. We are an extremely important system for the region and for the economic vitality of the region. And we are investing in electrification together with you, together with the state, to improve our system, to increase our capacity that absolutely must be increased, to modernize a 150-year-old system to be a clean, efficient

and better serving system for the entire region. We are the backbone of the blended system in the Northern Bookend that we have spoken about for years.

Together with investment from many, including the state, we will be able to provide the foundation for the electrification of the line, so that high-speed rail will share our right-of-way in a blended system to get through Gilroy to San Jose and to San Francisco, to the ending terminus.

It is an absolutely exciting venture. It's an absolutely partnership. And we will continue to work with you in the blended planning operation studies. We will continue to work with you in our electrification project itself, so that we are synergistic. We are providing a foundation for what's to come. And we can't thank you enough for what is in the current Draft of the Business Plan, the continuing state commitment to the funding of electrification.

We are poised to enter our contracts to enter our design-build phase, as well as purchase our electrical units this summer. We are on course. We're ready to go, with the state commitment. And with our other funding sources we're going to lay that foundation for us to be working together.

So thank you again. I don't want to repeat all

the comments of Mr. Reiskin, but I second all of them.

Thank you all very much.

CHAIRMAN RICHARD: Thank you, Mr. Hartnett. We miss you as a colleague. And we appreciate your leadership on that and our partnership, so thank you.

Steve Heminger followed by Supervisor Vito Chiesa from Stanislaus County.

MR. HEMINGER: Thank you Mr. Chairman, Board Members, good morning.

You know, we used to build big things in California. And the High-Speed Rail Program to me has always been about more than a transportation project. It's been a test about whether we can build big things again. In that sense who's next, I think is a less important question, although it's nice to be next. And thank you for making us next. Next is always the best place in any line. But I think the more important question is that you do get to the Bay Area, that you do get to Los Angeles and Anaheim, that you do get to San Diego, that you do get to Sacramento -- that we build a statewide system in a statewide effort.

And I know it's going to take you many years. It will be our successors who probably end up doing the last legs of that system, but I encourage you to stick with it and move forward and take the initiative wherever you can.

And thank you for making us next.

You're all about connectivity. And I want to talk for a minute about the connectivity that is offered to you in the Bay Area within the Bay Area, when you get to San Jose and ultimately to San Francisco. I think Mayor Liccardo described quite well the level of connectivity you'll get within the Bay Area by getting to the Diridon Station. Most of that connectivity is already here. The BART Extension will be coming. And I think after this November we will have the funding secured and we will be able to put the pedal to the metal.

We also have a couple of other points of connectivity at Millbrae where we will serve, and where you will serve, the San Francisco International Airport. Mr. Chairman, you and I will be again working on a rail extension to SFO. And the first one's working out pretty well right now. It's actually turning a profit.

And then finally to the Transbay Transit Center in San Francisco where there is also a lot of connectivity readily available. One project I want to mention to you in particular is that BART doesn't quite go to that facility. BART's a block away. And we are going to need -- I don't think we need to take your trains another block, I think we need to get a facility that will connect them quite readily and in all kinds of weather, so that people can take

advantage of it.

Thirdly, I did want to mention the land use question. And I applaud you for the leadership you've shown on that issue. Any project that is going to put Fresno within an hour of Silicon Valley is going to have some consequences at both ends of that segment. And I do encourage you to work closely with the metropolitan planning organizations like mine here, like in the Valley, so that we can make those connections work as well as possible, and those stations work as well as possible. And we can manage the growth at either end.

And finally I just want to thank your CEO personally, Jeff Morales, who's been a great partner on the Caltrain Improvement Program. And we look forward to continuing to work with him on that. Thank you.

CHAIRMAN RICHARD: Thank you very much, Steven. And let us also thank you and your staff for your input and your help on not only this Business Plan, but prior ones.

So Supervisor Chiesa followed by Tony Dossetti. Thank you, I know you've traveled a long way this morning.

SUPERVISOR CHIESA: I'm hopefully going to save us some time. Good morning, Mr. Chairman, fellow Board Members, CEO Morales. My name is Vito Chiesa, Supervisor in Stanislaus County. And I also have the pleasure to serve on a few boards: the Stanislaus Council of

Governments; San Joaquin Joint Powers Authority, which is the Amtrak system of the San Joaquins; Central Valley Rail Working Group, which encompasses four counties; the San Joaquin Regional Policy Council. And although I'm not a voting member and have nothing to do with the Altamont Commuter Express I am such an advocate that I feel like I can speak, so I'm going include them in there. But between these partnerships we encompass eight valley counties, two Bay Area counties and the greater Sacramento region.

With me today -- this is to try and save some time, be respectful of your time, I have with me a group. But I have Councilmember Dossetti from Merced County, Councilmember Jenny Kenoyer from Modesto and former Mayor, Spriggs of Merced. So just everyone who made the trip here feel very important about this, but we've worked together for almost 10 years on a unified and related position to integration of our conventional rail system to the high-speed rail and ensuring that high-speed rail operations make it to Merced.

We've worked with you and your staff to find consensus positions to advance your programs and ours in a way that best serves all regions of the state.

We've also had great support from our state legislators who see a real need for better passenger rail alternatives. They're working to find resources to fund

these improvements and support coordination with high-speed rail.

I want to thank specifically Senator Beall from this county, who's the Chair of the Senate Transportation Committee, Senator Canella who is the Vice Chair, Senator Galgiani, Assembly members Gray and Olsen. Again, these things whether it's the integration, whether it's intercity rail, whether it's high-speed rail, we know that funding is a limitation, so everyone needs to be working on the same page.

We expressed concern to you over the recent Draft Business Plan and that it did not reflect this collaboration and left much of the Northern California region in limbo. But I'm here today to express appreciation for all of our partners to all of our partners. You took our feedback. You were open to workable solutions and you proposed new language in the Business Plan that we can all support.

This kind of relationship has served us well in the past and will be necessary to tackle the challenges, which will inevitably occur in implementing the new integrated rail system together.

So thank you for listening, meeting with us and taking quick action. We look forward to working with you to demonstrate the dramatic improvements in passenger rail

for the people of our region and for all of California.

And one last comment again to the Chairman and to the CEO, you've always been accessible for us whether we agree or disagree. I so much appreciate that. Too often, we can talk about the ivory tower, but you've been very accessible and you've listened to us. So on behalf of this whole group here today, I want to thank you.

CHAIRMAN RICHARD: Thank you, Supervisor.

I just want to say it was very appropriate that you named the legislative leaders who have worked together with you and other transportation leaders in the Northern San Joaquin Valley. I know Mr. Morales and I are very committed to building on this partnership and especially through the work of the State Transportation Agency. So that I think we're on the verge of a very exciting Northern California Rail Network that can do great things for many people.

But Supervisor Chiesa, thank you so much for making the trip and all of you. Thanks.

I'm slightly hobbled, because my reading glasses took this propitious moment to break. So you will have to bear with me. Brad Underwood from the City of San Mateo, followed by Jacqui Kitchen from the City of Bakersfield. Good morning.

COUNCILMEMBER DOSSETTI: First of all, my name is

Tony Dossetti from the City of Merced.

CHAIRMAN RICHARD: Oh, Mr. Dossetti, I'm so sorry.

MR. DOSSETTI: That's all right, because the Supervisor took everything that I was going to tell you and said it better than I can say it. But I just want to let you know that the City of Merced, Merced County, and our Rail Commission is very happy with your openness and your willingness to meet with us and work through the problems and we'd be willing to continue that on. And hopefully we can have a good result and open the Northern San Joaquin Valley to high-speed rail. Thank you.

CHAIRMAN RICHARD: Well I just want to assure you sir, despite the fact that I nearly set you aside, that we'll be listening to you very clearly.

COUNCILMEMBER DOSSETTI: That's all right. I'm used to that kind of stuff.

CHAIRMAN RICHARD: Thank you Mr. Dossetti.

Okay, so Brad Underwood?

MR. UNDERWOOD: Yes. Thank you Board Members and Mr. Morales for the opportunity to speak to you. The City of San Mateo is very supportive of high-speed rail and especially supportive of the Business Plan change to bring high-speed rail north to San Francisco.

In fact, even with the changes to members on the City Council through the years the City has consistently

and unanimously supported high-speed rail. San Mateo has one of the few locations on the Peninsula accommodating passing tracks and is one of the locations to be studied for that purpose.

Currently, the City of San Mateo is working with Caltrain on the final design the 25th Avenue Grade Separation Project, which is the eighth ranked crossing on the CPUC priority list. This project allows additional grade crossings at 28th and 31st streets and will benefit the transit-oriented development of Bay Meadows and the citizens of San Mateo.

The project coincidentally, will shift the current tracks to the West, providing area on the East for future high-speed rail passing tracks. We are attempting to construct the project within a window of opportunity of the Caltrain electrification project. And in doing so, we think we will save about \$10 million by not having to relocate electrification poles in the future.

And having been working with Mr. Tripousis of your staff to develop a funding partnership, Mr. Tripousis realized the benefits and has been very supportive of the project. In fact, in public meetings, he uses it as a model of partnership. And we are appreciative that funding for the 25th Avenue Grade Crossing is within the proposed Business Plan.

Thank you very much.

CHAIRMAN RICHARD: Thank you, sir. Jacqui Kitchen from the City of Bakersfield and then next in line is Bill Spriggs from Merced, but we'll see if he'd like to speak.

Ms. Kitchen, did I pronounce your name correctly?

MS. KITCHEN: You did. Good morning.

CHAIRMAN RICHARD: Good morning.

MS. KITCHEN: Thank you for having me. I'm Jacqui Kitchen, the Planning Director with the City of Bakersfield. And I would first like to thank Mr. Morales and his staff for their collaborative relationship with us. We've established a very productive working relationship over the last year and a half. And the City looks forward to continuing in those efforts.

As you know, the City was selected by the Authority to be one of the station cities for the initial operating segment. And we are very excited by that opportunity and we understand the investment options and the benefits associated with that investment on behalf of the Authority. And we look forward to continuing to work together.

We believe that Bakersfield is geographically located to be within the heart of the rail system and will play a key role in the connectivity that we've all talked

about in connecting the south and the north portions of this state. And we may even be the perfect spot for the Kings fans and Shark fans to meet up and watch an affordable AHL game with our Bakersfield Condors, so please come on down.

But I am here today to reiterate the City's concerns that the initial Draft Plan proposed a stop just short of Bakersfield. We believe that an interim station is not consistent with the Proposition 1A statutes and the other goals of the overall system.

I was pleased today by Mr. Morales's comments that staff is recommending revisions and clarifications within the Draft Plan to reiterate that the goal is still to get all the way to Bakersfield as part of the initial operating system. We support that and that should be very clearly specified within the Final Plan when it is adopted.

That being said, we do understand that there may be initially a need to have language or an option for an interim plan and we request two things if that comes to be.

First, that the language clearly state that the interim option would be at the existing Amtrak station in Wasco and not at a new facility.

And two, we believe that it should clearly state that in addition to using that in addition to using that existing Amtrak station there be a clear plan to connect

the riders from that station to Bakersfield instead of directly to Los Angeles. We believe that this component is absolutely critical in order to ensure that the Business Plan is consistent with the overall goals and values of the system. Because connection of the IOS to Bakersfield is important, because we already have an established network for bus feeder service to Southern California as well as to the communities east of the Valley including the Tehachapis, Mojave, Las Vegas and beyond, as well as the rest of the Central Valley.

It is imperative that riders of the high-speed rail system have immediate access to Bakersfield in order to enjoy this bus feeder service as well as the convenience, extent, and connectivity to multiple other regions that are offered through our city.

Additionally, this direct connection will allow Bakersfield to enjoy the economic stimulus promised by the Authority in the plans, as a part of the overall system. And with that I thank you for your time.

CHAIRMAN RICHARD: Thank you. I just want to assure you that we're looking forward to being in Bakersfield next month. And we'll be directing Mr. Morales to include the Meryl Haggard "Streets of Bakersfield" ring tone on his phone. So we'll be ready when we get there. Thank you, Ms. Kitchen.

Yes, Mr. Spriggs?

MR. SPRIGGS: Mr. Chairman, Board, on behalf of the 847,000 residents of Merced County, Stanislaus County, and Southern San Joaquin County I'd like to thank the Board for moving forward with giving us access to high-speed rail.

Merced's the gateway to Yosemite. Last year Yosemite National Park had 2 million or almost 3 million visitors. I think it was 2.94 million visitors to Yosemite from -- a majority of those or a significant amount coming through Merced.

Caltrans recently completed an eight-mile extension of Highway 99 from Merced to the Madera County line. To widen that facility to a six-lane facility Caltrans acquired almost 2,000 acres of farmland. So I appreciate the fact that the Board is moving forward with a plan that will significantly limit the damage that transportation can cause to our agricultural interests in the Valley. So I applaud your action. We thank you. Thank you.

CHAIRMAN RICHARD: Thank you, Mr. Spriggs.

Next is Harvey Darnell from the Greater Gardner Coalition followed by Bill Rankin.

(No audible response.)

Mr. Darnell?

(No audible response.)

I'll call his name again when he comes back.

Bill Rankin followed by Larry Ames.

Good morning, sir.

MR. RANKIN: Good morning, thank you. Thank you Chair Richard and Board, my name is Bill Rankin. I'm President of the North Willow Glen Neighborhood Association.

You're likely to have heard that our neighborhood has had hard transportation incursions over the years. This is true. Impacts from highways and the airport approaches and railroads have all taken their toll over the years.

North Willow Glenn, the historic beginnings of Willow Glenn, Gregory Plaza, and Greater Gardner are neighborhoods that embrace our history and our place in San Jose. And we are communities that have pulled ourselves up by the bootstraps and fought the grime and noise that is accompanied by these transportation incursions.

We backed the concept of high-speed rail through California. But it has to be a system that gets it right from the beginning. We are all here today to urge the High-Speed Rail Authority to do things the right way. Adding a third rail to an S Curve through a heavily impacted neighborhood is not the right approach. A tunnel

in a straight line between Tamien and Diridon is the best solution for San Jose, high-speed rail, and for the shortening of the time off of a trip between San Francisco and L.A.

The route over 87 and 280 is the next best choice to avoid the possibility of taking houses, a church and removal of parkland.

Thank you for the opportunity to speak here today.

CHAIRMAN RICHARD: Thank you, sir. Larry Ames and then --

MR. DARNELL: (Indiscernible)

CHAIRMAN RICHARD: Oh, Mr. Darnell? Yeah, welcome back.

MR. DARNELL: Thank you. I stepped out to the facilities.

Chair Richard, Board Members, Mr. Morales I represent the Greater Gardner Coalition. We support the implementation of high-speed rail and we have done that since the 2008 ballot measure.

We have concerns with the assumptions of the Draft Business Plan. Greater Gardner has had a disproportionate share of negative transportation impacts beginning in 1935 with the imposition of the Southern Pacific Rail line through the heart of the neighborhood and

the destruction of large swaths of Greater Gardner by Highways 280, 87 and Bird avenue, in the 1960s. These projects created blighted adjacent properties. The Greater Gardner neighborhood volunteers cleaned the land adjacent to the railroad in the 1990s and eventually the City of San Jose created Fuller Park in 2005. Transportation projects took a once vibrant, cohesive neighborhood and split it into three blighted neighborhoods. We have endured more than our fair share of transportation intrusions.

We participated in the high-speed rail scoping process in 2009 and presented our position to the Treasure Board (phonetic) in 2010 that our neighborhood cannot accommodate any further rail incursion into the neighborhood. The Treasure Board and staff agreed with our conclusions as reflected in the Preliminary Alternative Analysis Report 2010. In a quote the AA Report also recommends eliminating for further consideration the program alignment to the Greater Gardner community, because of potential impact to the neighborhoods.

Now we find a troubling at-grade, three-track assumption in the 2016 Business Plan Cost Estimate, which is counter to the 2010 Alternative Analysis. It would be especially disastrous to Fuller Park, create safety issues at the Virginia Street Rail Crossing and potentially take the Word of Faith Church, among other issues.

This will create significant capital expenditures which are not factored in the cost analysis that you have before you. We hope you agree with us. Please revert to the June 2010 Alternative Analysis Conclusion and remove the three-track option through Greater Gardner from further consideration. Thank you for listening to our highest concerns about the 2016 Business Plan.

And there were many others, but I don't have the time. And we look forward to continuing to work with the High-Speed Rail Board and staff to bring high-speed rail into fruition in a way that will benefit everyone and to our continued service on the San Jose Community Working group.

CHAIRMAN RICHARD: Thank you, Mr. Darnell.

MR. DARNELL: And I want to also call out Ben Tripousis. He has been a very good partner.

CHAIRMAN RICHARD: Thank you.

MR. DARNELL: Thank you.

CHAIRMAN RICHARD: Thank you. I wasn't sure if you were calling him out in a good way. (Laughter) The record will show that that was a positive expression from Mr. Darnell.

MR. AME: Yeah, let the record show a thumbs up, right. So hi --

CHAIRMAN RICHARD: So you're Larry Ames, Mr.

Ames?

MR. AMES: I'm Larry Ames. I'm a resident of San Jose and I'm glad that high-speed rail is coming to San Jose.

I have three points of local concerns and one of them you've heard about twice here, is the section between Diridon and the Tamien Station. I'm worried about the impact on the Central San Jose neighborhoods of North Willow Glenn and Greater Gardner. It's not exactly home to those in the top 1 percent. And the area's been impacted over the years by freight trains, freeways, and also over flight of the San Jose -- to the airport.

The at-grade alignment that you're considering into Diridon would further impact this established neighborhood by crossing or perhaps severing one of the few access roads into this community. And also might take one of the local parks for the trail there.

Also, that alignment just north of 280 crosses Auzerais, which is a major access to an area where they're building a lot of high-density housing. Some is there already and some is coming. And so if you have an at-grade crossing that would impact that also.

The alternative alignment is through the freeway over change going over State Highway 87 and Interstate 280, through that interchange. That's spares these communities.

But also give the arriving passengers a grand welcoming view of the San Jose when they come.

A second point is to remember the impact on bicycle trails. You'll be crossing the existing Guadalupe River Trail and also the alignment of the future Three Creeks Trail and they're part of your supporting infrastructure. This is how some of your passengers will be getting to the Diridon Station to take the trains. We in the Trails Committee would welcome working with you on the alignment if you'd like.

And a third point. On another section, unrelated to that, is the section through Santa Clara Valley just south of San Jose to Gilroy. Please include accommodations for safe passage of wild life. This is a wild life corridor that connects the Santa Cruz Mountains to the Diablo Range. And they already have documentation of mountain lions crossing between there. So please make accommodations for that. Thank you.

CHAIRMAN RICHARD: Thank you, Mr. Ames.

Next is Frank Oliveira followed by Allen Scott and then Danny Garza.

MR. OLIVEIRA: Good morning, Frank Oliveira, Citizens for California High-Speed Rail Accountability.

I've reviewed the Business Plan. I've listened to what has been reported as far as adjustments that will

be made to the Plan. I've followed this project for quite a while. This is the third Business Plan that I've watched go through this process.

I've constantly been told or heard that bold dreams require bold action. And that Californians can build big things and have big dreams and lead the nation. Bold dreams and big ideas require something more than dreams to accomplish. It requires good foundation planning, realistic use of resources, to ultimately get to the point where the bold dream becomes reality. What I'm looking at here is a Business Plan that is missing two-thirds of the financing to complete Phase 1. There is no explanation, real explanation, of how two-third of the money to get to L.A. will occur other than somebody will show up some day.

The remaining money to get to San Jose from Shafter or Wasco or wherever it's going to be cut off -- a big chunk of that is based on borrowing money from Cap and Trade that will require additional legislation to make that happen, so that you can use that as collateral to raise revenues to construct your way to San Jose. That hasn't occurred yet.

That leaves Cap and Trade as it exists between now and 2020 and Proposition 1A money. And the Proposition 1A money, which everybody's clamoring for right now to

build these connectivity projects require a second funding plan, which hasn't occurred yet and probably will not occur or will legally be challenged when it does occur. So that money is in question, which leaves federal money that you have in hand, and Cap and Trade money.

That does not sound like a realistic expectation of success to provide these connectivity projects, book-end projects, and other projects and bring the dream to a successful conclusion.

Just like the past two Business Plans, which were deemed great ideas at the time, I expect that this body will approve this Business Plan, declare it a great idea and we will be all looking at each other four years from now with a different direction that we're taking. Thank you.

CHAIRMAN RICHARD: Thank you, Mr. Oliveira.

Allen Scott followed by Danny Garza and then Shane Smith.

Mr. Scott, are you going to pass?

MR. SCOTT: (Indiscernible)

CHAIRMAN RICHARD: Okay. Thank you, sir.

Danny Garza followed by Shane Smith. Good morning, sir.

MR. GARZA: Good morning, good morning. Good morning Honorable Chair and Board. My name is Danny Garza.

I am the Chapter Chair from MAPA, the Mexican American Political Association. Our goals are political accountability. That includes accountability to the community and our businesses. Today, we're seeking environmental justice, which is what the Mayor seemed to speak to. Here's why we're here.

Last week, during the high-speed rail meeting at the Martin Luther King Library someone asked about environmental justice. The person representing high-speed rail to us seemed to hem and haw about having an environmental justice report available. With that, that leads us to think that there is none. So what we're here to do today is to correct a confusion, so there's no confusion in the future and ask for a copy of your environmental justice report. Thank you.

CHAIRMAN RICHARD: Thank you, Mr. Garza.

MR. GARZA: Who do I give these to?

CHAIRMAN RICHARD: If you could it to the Secretary there.

MR. GARZA: I appreciate it. Thank you very much.

CHAIRMAN RICHARD: Thank you, sir. And we'll be asking staff to follow up with Mr. Garza's organization on that.

MR. GARZA: I appreciate it. My contact

information is there.

CHAIRMAN RICHARD: Thank you, sir. Thanks for coming today.

Shane Smith and then I'm going to need to put on my broken glasses for a second to get this next -- well, go ahead Mr. Smith, then we'll deal with this.

MR. SMITH: Mr. Richard, Members of the Board, thank you. I'm a Merced resident. I moved to Merced in 2012 with my wife, Professor Catriona Hauer, and our little girl Salina. She's a five year old going to kindergarten.

My wife got a job at a new elite university that this state decided to build out in the Central Valley, frankly in the middle of a golf course, in the middle of nowhere. And we took a chance and we moved out there. And I have been an intellectual property attorney for a number of years and I decided to keep my practice in Menlo Park. And so for the last four years I've been commuting back and forth. Not every day, fortunately, but by car every day so I can keep my practice here in Silicon Valley.

And I want to thank you for your foresight in amending the Draft Plan to bring the train back to Merced. I want to try to put a human face for you on why this is so important. Number one, it's important for me. It's important for me, why? Well, who wouldn't want to take a 57-minute ride into Silicon Valley from the Central Valley

instead of two-and-a-half hours by car? It would have saved me a lot of overnight stays at the Comfort Inn. It would have given my five-year-old little girl a lot more days with her dad, would have made our lives a lot better. And I'm sure that it will in the future.

It'll make things better for my wife. As I told you my wife the professor, she's out there building her lab, running her research enterprise. Oftentimes though, she has to be the primary parent all the time. Why? Because I'm just gone.

And three, and probably the most importantly, it's really important for Merced. It's important for the Central Valley. We have put an elite institution out there as a way to drive the knowledge-based economy. This is probably the second most important thing that you can do to trigger this new knowledge-based economy in the Central Valley. Why? Because there's an important handful of us who have taken this risk and have taken our knowledge-based skills to Merced.

But we see all the time the families where one spouse, unaffiliated with the university, has decided that Merced isn't right for them. We hope we can attract more of these folks and retain more of these folks for longer in Merced. And start building a community that is really worth being connected to the Silicon Valley. And so again,

I think this Commission for bringing the train to Merced and look forward to seeing it built in the near future.

Thank you.

CHAIRMAN RICHARD: Thank you very much, sir.

I've got the first name, which I think is Isaias and Rumayoff? (phonetic) I apologize in advance sir, if that's not close.

And then this gentleman will be followed by the three speakers from CARRD, starting with Ms. Wespi, Ms. Naik and Ms. Alexis.

Good morning, sir.

MR. RUMAYOR: Good morning. That's okay for ruining my name. It happens all the time.

CHAIRMAN RICHARD: Well, can you pronounce it for us?

MR. RUMAYOR: Yes, Isaias, Isaias Rumayor.

Okay. So hello, my name is Isaias, thank you guys -- for the Board for approving me and hearing my comments today. I'm a full-time student at UC Merced. I am the I Will Ride President, which is a young professional alternative transportation support group and advocacy.

I also used to be a student intern for the California High-Speed Rail Authority in the Central Valley. So when I read the first Budget Plan Proposal in 2016, I was hurt. But after being here today and hearing your

guys' comments and efforts I really want to thank you guys once again for reconsidering Merced and the proposal of Northern California.

Thank you so much again for your time and effort.

CHAIRMAN RICHARD: Well, thank you. I'm sure you traveled quite some way, so thank you.

We have three speakers who asked to be grouped together from the organization CARRD: Rita Wespi, Nadia Naik and Elizabeth Alexis.

Good morning.

MS. WESPI: Good morning, Chair Richard, Board Members, Mr. Morales and staff. Appreciate you coming here today to San Jose. It's good to see you and make the drive down this way.

CHAIRMAN RICHARD: Thank you.

MS. WESPI: So I'm Rita Wespi, one of the co-founders of CARRD, which is Californians Advocating Responsible Rail Design and I'm talking about environmental planning.

You're doing an environmental planning process on the Peninsula and getting this right is critical. And so far the signs are that high-speed rail's deadlines will compromise the outcome. Ben Tripousis will give a presentation today that asserts that there is no need to do an alternatives analysis as part of the San Francisco to

San Jose environmental process, because everything has been decided and everyone -- whoever that might be -- is onboard.

First, Caltrans comment letter expresses concern about High-Speed Rail's value engineering proposal for only a very short segment of passing tracks and additional mileage of blended service. This suggests that not everyone is actually onboard.

In addition, a project from an environmental perspective is more than just two tracks or four. It would be decisions about how to balance the needs of commuter rail and long-distance service or which signaling system should be used.

And finally, one of the purposes of environmental process is to force a hard look at all alternatives that meet the purpose and goal of the project, not just the project favored by an agency or even a group of agencies. According to the most recent Operations Report, the alternatives analysis process is finished, before the statement and need of the project have been established.

Not only do you risk more lawsuits with this "It's been decided" approach, but you miss an opportunity to evaluate more creative solutions that could be far superior in achieving the state's goals.

Thank you very much.

CHAIRMAN RICHARD: Thank you, Ms. Wespi. I apologize for my coughing. It's the allergies of the season.

Ms. Naik, good morning.

MS. NAIK: Hi. Good morning. So I'm Nadia Naik, also with CARRD. So as we were preparing our comments on the Draft Business Plan two things became clear about your risk management strategy.

First, the approach to risk management is definitely more rigorous than it was back in 2009. For those of you who don't remember, your Business Plan it used to say that the risk of low ridership will be mitigated by supporting all policies to move as many people to the State of California as possible. So that has definitely improved.

But second, the focus of the risk management policy has focused on the time period after significant decisions have been made, when a segment is going to bid. We recommend that the Authority incorporate rigorous risk management policies for Pre-construction activities.

First, the Authority should commit to the GAO's Best Practices for Capital Cost Estimates, which ensure transparency and accountability. The Authority told us when we requested the basic cost documents that they did not need to follow the GAO's guidelines -- that the GAO had

reviewed stuff, they looked at it, they took that into consideration, but that you did not actually follow it. And I would recommend that you actually do.

Second, working collaboratively with communities and regional transportation agencies helps to ensure that you can catch potential problems and opportunities. And that they're surfaced early, not after construction is under way. As Chairman Richard knows, because he's heard me talk about it ad nauseam, we are fans of "Contact Sensitive Solutions", which is already used on transportation projects.

At this point, we'd be happy if you'd pick any multi-stakeholder dialogue process that is basically not what you have now, because clearly from the comment letter that we read last night communication is not working, right? Because even your allies feel blind-sided.

Finally, there's a real risk if the Cap and Trade revenues fall short of the projections. And the Authority's phasing plan where even subsets of the initial operating segment would be usable in some cases have to be highlighted. There's a real chance you're going end up giving up some federal funding. You've said it before. We know that. The Business Plan doesn't talk about it. You also don't talk about what happens if Cap and Trade does not get extended. And yet, construction is proceeding. So

these things have to be addressed.

And the Business Plan is not a marketing document, it's a real plan, so we need to hear more. There has to be more in there. It's okay to be optimistic and "Yes, we can build big things." But we also have to be realistic. I think this plan is definitely the most realistic you've ever done, but you're missing some really obvious things -- not discussing what happens if Cap and Trade is not extended. I know you've gotten indications, but it hasn't happened, right? And the risk of federal funding also not addressed. Thank you.

CHAIRMAN RICHARD: Thank you, Ms. Naik.

Elizabeth Alexis followed by David Cameron.

MS. ALEXIS: I have a handout.

CHAIRMAN RICHARD: Okay. Janice, could you grab that?

Give us just a second, thanks. This looks like you have some hand drawn additions to the map?

MS. ALEXIS: Yes, yes. These are modern tools of the social --

CHAIRMAN RICHARD: Modern tools of -- yes. This is not CAD/CAM, right?

MS. ALEXIS: No, that's right. We have a very small staff on our graphics design team.

We will -- just by the way, we'll try and post

this on our website for everybody else following along on the phone.

CHAIRMAN RICHARD: Hold on one second, Elizabeth.

Can somebody restart the clock, because I don't want to short Ms. Alexis? Thank you.

MS. ALEXIS: On your handout, you will see something that we usually don't do, which is a proposed alignment. Normally, we are talking about process. This gives the case first for an alignment. On the other side there are several maps, which are taken from some of your own documents. Really, we're talking about process.

I wouldn't have spoken about this today, but reading the comments about the disappearance of the Northern California Unified Service from the Business Plan -- and it's really gone, I searched for it -- it made us ask a very basic question. Why wouldn't the Authority, considering an approach from Fresno that would go north first towards Stockton, making Merced and Modesto on the way, and then head west towards San Jose?

We provided comments from ridership that had a different critique of the model than the one your consultants mentioned today. Based on even the wide range given in your plan for IOS ridership, and reinforced by the current lack of any substantial market for fast travel between San Jose and the Southern San Joaquin Valley, as

well as conversations we have had with those who actually operate trains, there is a high risk of disastrously low ridership, which would inevitably lead to the development of a brand-new commuter market between Gilroy and Fresno threatening the internationally important grasslands ecological area.

If you are going to go north and you want to provide jobs for Silicon Valley workers there is one obvious way to do it, which is what we have indicated on the map in front of you. Yes, there are some issues and challenges. But then this is why this is a comment about process. The real question is not what route should be chosen, but how can the Authority find a way to have an open mind, so that the original goals and commitments of the project can be realized.

CHAIRMAN RICHARD: Thank you.

David Cameron followed by Paul Guerrero.

MR. CAMERON: Than you Chairman Richard and CEO and Board Members. Thank you for the yeoman work you folks have been doing on the single -- certainly it has to be probably the single largest public works project in the history of the nation. And it's going to move this state deep into the 21st Century to safeguard our economic prospects.

We cannot afford to be lily-livered about the

task ahead. The city and regional transportation links, road and especially rail, passenger rail in this state, desperately need upgrading. The population in big cities and in the Central Valley, which is the fastest growing area of the state, is rapidly increasing and it is aging. There are pressures on just about every aspect of the infrastructure that keeps our economy and our communities functioning smoothly.

It is for this reason that the Teamsters Union with our 1.4 million members in the United States and our 202,000 members here in California urge you to continue to push boldly ahead on this high-speed rail project.

The notion of having a high-speed train connecting Los Angeles and San Francisco via regional cities has been examined from every conceivable angle, but what continues to get in the way is simply political will. Is it a feasible proposal? Yes. Does it make economic sense? Yes. Those are firm answers from example after example after example from around the world.

High-speed rail will free up some existing congested air corridors and road routes in California, providing an option for air travel, open all sorts of economic and social development in regional cities, and improve the delivery of services. It will have a profound and transformational affect and without it this state will

not prosper.

I plead with those who are consumed by provincial politics and NIMBY-ism to bring some hard-headed facts to bear on the developing this major infrastructure project with low carbon footprint, plenty of construction and long-term operational jobs, plus improved inner city connectivity, what's not to like?

I was recently at a conference in New York City on climate change. This planet is in grave peril. If we do not take action dramatically to reduce our CO2 emissions over the next several decades we are going to experience climate havoc. High-speed rail will remove literally hundreds of millions of cars and truck trips from our roads and tens of thousands of short haul flights from our skies, dramatically reducing the carbon that we pour into the atmosphere.

I urge you to continue forward. I appreciate the work you're doing and thank you for the opportunity to address you.

CHAIRMAN RICHARD: Thank you, Mr. Cameron.

Paul Guerrero followed by Victor Garza.

MR. GUERRERO: Chair and Board, good morning.

CHAIRMAN RICHARD: Good morning.

MR. GUERRERO: I want to take you back I think about five or six years ago, maybe less, maybe four years

ago, when this Board enacted a 30 percent small business goal. And on that 30 percent small it was contractual. It was meant to be mandatory. Every contractor had to meet it if he was going to work on the high-speed rail. And in fact, if you will recall you put a monetary penalty on the goal, so if the contractor only met 28 percent of the 30 percent, you deducted the 2 percent from his contract, from his pay.

Yesterday, at your Advisory Council Meeting the subject came up of the goal. And was it aspirational or was there a penalty of some sort? And I jumped up and said "Yes, I was there when the Board put a monetary penalty on it." And one of your prime contractors jumped up and said, "Not in my contract. There's no penalty in my contract. The goal is aspirational."

So I implore you to go back and look at your minutes and our future contracts to make sure that your reflections as a Board get into the contract, so there is some sort of penalty on there, okay?

The second thing that came up at the meeting was the small business subcontractors are having a problem, because the high-speed rail has created a shortage of workers in the Valley. And if they stop work for three days their workers are hired by their competitor, because he's out there working. And they've got to steal them back

from somebody else. So I implore you. Don't wait like you did in Central Valley. Set up a training program here now, so you can develop some workers for when you start working. There will be a workforce for you. Thank you.

CHAIRMAN RICHARD: Thank you, Mr. Guerrero. And I think if we've created a labor shortage in the Central Valley that would be an interesting change.

MR. GUERRERO: One of the prime remarked that he is going to need 1,000 truckers out on the job. And he doesn't know where he's going to find them at. Can you imagine that? You are moving a lot of dirt down there though.

CHAIRMAN RICHARD: That's great. Thank you.

Victor Garza, Mr. Garza, good morning --

MR. GARZA: Good morning, Mr. Chairman and Members of the Board. My good friend, Mr. Morales, I want to thank you for having joined us a while back as our key note speaker for our organization, which is La Raza Roundtable de California.

People are still talking about the high-speed rail. And we are actually are here to support the high-speed rail efforts of going through the State of California. I was surprised to see so many San Joaquin Valley residents here in support, because what I read about in the newspapers is the lawsuits that some people are

filing against the high-speed rail. But I am very happy to say that many leaders in that Valley are here today in support of the high-speed rail.

I wanted to follow up on the comments made by the Orange County Board Member. And they were talking about the inclusiveness of veterans and disabled veterans and inclusive of the small contractors. There were two areas that I feel that was left out. And that is the minority, small minority contractors as well, that need to be included in that list as well along with women contractors.

I'm the Chair of an organization that the CEO is going to be expected here in a few minutes -- which is called ConXion -- at the same place where we had you as a speaker. And we have been in existence for 30-something years and preparing the workforce for many corporations as well as businesses in Santa Clara Valley. And we want to also look forward our partnership with the high-speed rail and help, I would say, recruit, train and prepare your workforce that you're going to be needing for the construction of the high-speed rail.

We're looking forward to developing that partnership. Do not forget to include community-based organizations when you are considering the work that needs to be done for the high-speed rail. I know you have mentioned a lot of small cities and a lot of small towns

and other ones. We need to include community-based organizations. They are the backbone of many of these communities. Thank you.

CHAIRMAN RICHARD: Thank you, Mr. Garza.

Ms. Rose Amador-LeBeau followed by Ms. Diana LaCome.

MS. AMADOR-LEBEAU: Thank you very much. I have a handout as well, so I'll give that to you.

My name is Rose Amador-LeBeau. I am President and CEO of ConXion to Community, which Victor just alluded to. Actually, he almost took my whole speech.

But we are members of the National Council of La Raza and have been for about 30 years. Our organization has been in the San Jose community since 1977, 40 years. And we have a very comprehensive program, which includes education, behavioral health, cultural, youth and of course our workforce, our pre-apprenticeship program. We work with the local unions. And I know we'll be working with the county and city governments. I, myself, sit on the Work2Future Board for the City of San Jose.

But that's not working directly with the community, so I do think that I would encourage you to work with us. We have experience working in the community and we have been successful working in the community. We look forward to partnering with the high-speed rail. Thank you.

CHAIRMAN RICHARD: Thank you, ma'am.

Diana LaCome followed by Robert Allen.

Ms. LaCome you've put in two speaker cards, so I'm going to collapse them.

MS. LACOME: Oh, Mr. Guerrero put on in for me as well, so just one is fine.

CHAIRMAN RICHARD: He did? He knows better than that. (Laughter)

MS. LACOME: Good morning. I'm Diana LaCome, President of the Associated Professionals and Contractors of California. Usually, I talk on behalf of small businesses, but today I want to talk about environmental justice.

A lot of what you've heard here today are concerns, issues about going through possibly poor neighborhoods and so on. That's what environmental justice is all about. Unfortunately, most of the organizations including Caltrans, VTA -- whom I worked with -- they tell us -- two days ago we were told, "Oh, environmental justice? Oh, that's taken care of in the EIR, in the studies, it's taken care of." It isn't. It isn't.

What we're talking about is not the birds, not the insects, not the bugs, not the wild life. Humans -- the human beings that are paying their taxes to travel on this rail. They're the ones that need to be taken into

consideration.

You heard about Gardner Community. This is nothing new. These projects, these communities, these poor communities, communities of color, have gone to the federal government and actually shut them down, because there was not a thorough environmental justice study done. Now we've been bringing this to this Board for the last six years, almost seven years, that these environmental justice studies need to be done. They really need to be done. They're that important.

What we would like to do today is to make a recommendation and I think this a very simple one. We recommend that the Authority request a presentation for the Board, for the staff, your top-level staff, from the U.S. Department of Transportation, the Office of Civil Rights, from the Federal Rail Administration. Have them explain what we're talking about. We've been talking to ourselves obviously, because a lot of people don't understand what we're talking about.

You really need to consider this, because of what can happen is the project can be shut down. And it's been shut down many times before. So that is the recommendation. Thank you.

CHAIRMAN RICHARD: Thank you, Ms. LaCome.

Robert Allen followed by Craig Pasqua.

MR. ALLEN: I'm pleased with the approach that some of the staff is taking to come to the north. From San Jose on down through the Shafter area, I understand would be completely grade separate, would be safe in operation. The first two words in Proposition 1A of 2008 were "safe," "reliable" -- the safe, reliable High-Speed Passenger Train Act.

I don't see -- well there's an agency in the state government, which is charged with safety oversight responsibility -- the California Public Utilities Commission. I do not see them mentioned in your draft report until I think it's about page 89, there's a foot note unrelated. California Public Utilities Commission has authority and oversight responsibility of safety.

We don't want to have things happen like happened at Bourbonnais, Illinois when an Amtrak train on 79-mile an hour track struck a truck that was loaded with steel at a grade crossing. Grade crossings are incompatible with high-speed rail. And I would certainly urge you to get a clearance, make an approach to the Public Utilities Commission, to see that their study, their analysis is made.

We don't want to have a derailment. Here was a high-speed train -- well 79-miles an hour -- same speed as Caltrain. And it derailed two locomotives and 11 out of 13

cars. Safety must trump the one-seat ride.

And I support wholeheartedly the high-speed concept, but make it safe and be sure to get the approval of the Public Utilities Commission. They should come before page 89 of your report. They have authority over rail operations. Thank you.

CHAIRMAN RICHARD: Thank you, Mr. Allen.

Craig Pasqua followed by Michael Tsai.

MR. PASQUA: Good morning Board, Chair Richard and Mr. Morales. My name is Craig Pasqua. I represent the American Indian Community Action Board as well as Native Voice.

And first of all I want to welcome you to Silicon Valley. Thank you for coming here. This is the ancestral homeland of the Ohlone Indians -- the Muwekmas -- Amah-Mutsun and Esselen tribal regions. And I'm here to remind you -- and also the home of 40,000 tribal and native community members here in Santa Clara County.

So I'm here to remind you that with every line of track you lay, for every road you go over, these are Indian lands. And in many cases many of the lands you will be traveling over will be sacred sites. And I know that there's been some extensive work with your plans to account for this. And I'm here to remind you to keep trying and keep up the good work with that.

On another issue I also represent the community here. And I'm a member of many community coalitions, coalitions of color that represent many of the underserved here in Santa Clara County. And a lot of talk with Mr. Garza from MAPA, talking about environmental justice, the other speakers, that's a very important case for many of the people in the communities of color here and especially the Native Americans and tribal members. So I'm imploring you to keep that in the back of your minds as we progress through this project.

So in closing, I want to thank you for, of course, coming here to Silicon Valley and convening this meeting here. And I want to let you know that the community coalitions of color will be monitoring the work and the contracts and the procurement procedures that are going on. And to make sure that the values and inclusiveness of the Californians are represented in this project, so thank you very much.

CHAIRMAN RICHARD: Thank you, Mr. Pasqua.

Michael Tsai followed by Jason Holder.

MR. TSAI: Hello everyone, very glad to have you here. My name is Michael Tsai and I'm a transportation blogger and transportation student.

I'm very pleased that high-speed rail is coming to San Jose. I've been a long time South Bay resident and

we suffer from a lot of congestion and high housing prices. So one thing I think that's going to be great is that this easy commute into San Jose will allow people to keep their jobs in San Jose, but live elsewhere where they can save money on rent and still have an easy commute and that's just going to alleviate the congestion in this area and reduce greenhouse gas emissions.

I think you've got many great people working for you here in Northern California. Ben Tripousis and Rod Diridon, in particular, have really gone above and beyond the call of duty in informing members of the public and doing outreach and getting people excited about high-speed rail and I'm one of them.

Steve Heminger was here earlier and I also believe that your partnership with the MTC is going to be incredibly important in the years to come, because it's going to provide good intermodal connectivity. They have a deep understanding of the region's transportation needs and how to meet them, so definitely pay attention to the MTC.

And finally, I think we should double down on outreach to private partners in getting concessionaires on board and looking at the commercial and residential development around the station areas as well as concessionaires in the stations themselves. I think there's definitely a lot of great opportunities there for

developing these into vital, vibrant facilities that are destinations unto themselves, not just transit stops, where people can go out to the train station just to hang out.

This is pretty common in Asia. For example Taipei's Grand Central Station, people will go there. It's a mall and it's great and I think we can definitely do something like that here and really make Downtown San Jose a very vibrant destination.

Thank you all very much. And please stay the course and continue your good work. Thank you.

CHAIRMAN RICHARD: Thank you, sir.

Next we have I think its Sean Hodgdon, is that right?

MR. HOLDER: Jason Holder (indiscernible).

CHAIRMAN RICHARD: Oh, Mr. Holder. I'm sorry. I got ahead of myself. Jason Holder. I put your card in the completed file.

MR. HOLDER: Good morning Chairman Richard, Mr. Morales, Board Members. I'm Jason Holder. I'm a land use attorney and environmental attorney.

Several days ago, I submitted a comment letter to all of you on behalf of two organizations. I hope you've had a chance to review the comments and consider them. In that comment letters -- I won't rehash them -- there's a lot of detailed comments, but I raised four main issues.

One is an unrealistically low capital cost. Failure to substantiate that capital cost will provide enough detail for the public to understand the basis of the capital costs, a failure to analyze or adequately analyze eight different risks to the project that severely compromises the ability to meet the timeline as well as the budget for the project, and finally an announcement of major modifications to the project that should trigger supplemental environmental review.

I've quickly reviewed staff responses. I see that staff is not proposing revisions to many of the issues -- or to the Business Plan in response to many of the issues that we've raised.

One of the major issues, capital cost, I think one thing that could benefit the project and significantly improve the Business Plan is to provide an appendix that identifies the major features to every section of the project, that identifies the viaducts, the tunnels, the grade separations, the relocated roadways and infrastructure and utilities for each section. And then identifies in detail, the cost for each of those features. That way the public and the Legislature can track the progress of the High-Speed Rail Authority.

Another thing the appendix should include is a detailed explanation of the row property acquisition and

how many properties need to be acquired in each section and what the estimated cost is, but maybe not necessarily by property but at least by section with some substantiation for that. And also the infrastructure relocation costs.

Without this level of detail, the Business Plan can't be considered transparent. Thank you.

CHAIRMAN RICHARD: Thank you, Mr. Holder. And I apologize again for mislaying your card there.

Mr. Hodgdon?

MR. HODGDON: Good morning. I'd just like to thank you for the time to speak this morning. My name is Sean Hodgdon. I am a student from the University of California Merced, originally from the Los Angeles area. And I've been involved, as was our previous speaker, with the I Will Ride Program on the UC Merced campus for some time now.

Throughout my time in Merced I have really gotten to know the city. And I've just seen exactly how much the High-Speed Rail Project is going to impact the entire Merced community. As my school, UC, grows over the next decade the city is going to need to grow a lot as well. And the high-speed rail is going to be instrumental to that growth.

I'd just like to thank the Authority for the efforts it's made to work with the Merced community. And

I'd just like to stress how imperative it is to the future of this community that Merced be included in this initial phase. Thank you for your time and your commitment to this project.

CHAIRMAN RICHARD: Thank you, Mr. Hodgdon. And thank you for traveling the long distance today, as with many of our other speakers.

Next I have Tilly Chang from the San Francisco County Transportation Authority. And she'll be followed by Christopher Stanton.

Welcome, Ms. Chang.

MS. CHANG: Thank you. Good morning or afternoon, Chair Richards and --

CHAIRMAN RICHARD: It's still morning by about 30 seconds.

MS. CHANG: Is it still morning?

CHAIRMAN RICHARD: Thirty seconds, right.

MS. CHANG: Wonderful. Well, thank you again for the opportunity to comment on the Business Plan and holding this hearing as other speakers have mentioned in the bay Area. We welcome you and we thank you.

The City and County of San Francisco has been, and continues to be, a very strong champion and partner to the High-Speed Rail Authority. On behalf of my agency, the Transportation Authority in San Francisco, and our sister

agencies at the SFMTA -- I believe Director Reiskin was here this morning as well -- and our Planning Department, we're very grateful for your leadership in advancing this project.

And we're very pleased as well by the Authority's recognition of the benefits of the northern initial operating segment. Thank you for advancing that and acknowledging also I believe our earlier discussion on the major comment that we're providing, which is that we believe that the successful demonstration of the IOS will be critical to ensuring the viability and the success ultimately of the overall project, which will be nothing short of transformational for our segment as well as for the whole state.

And for this reason, we believe that the limits of our initial operating segment should be considered and expanded perhaps in order to best position this segment for success. By doing so, based on your plan's own numbers, the IOS would add significant ridership and would greatly increase the net operating cash flow and value of the system.

In particular, we noted that the Plan states that the San Francisco to Bakersfield IOS definition would increase ridership by 76 percent. It would increase fare box revenue by 55 percent. It would increase net cash flow

by 181 percent. And finally, increase private investment, which we know is the critical partnership and leverage that we all need to deliver this project, by 132 percent.

So based on these numbers it simply, we believe, makes business and financial sense to include the full segment in the Plan. And instead of looking at the original limits, which we think are a very good start to recognizing the full value of this corridor, but we really do encourage you to please consider the larger segment. And we know that there will be additional investment required if we were to do this. We believe that the funds can be found.

Finally, I just want to reiterate our appreciation for your funding and collaborative support on the Caltrain Electrification Project. And the investments up and down the Corridor for San Jose, for Santa Clara, San Mateo and San Francisco. We look forward to collaborating with your staff and thank you for your leadership and commitment to the project. Thank you.

CHAIRMAN RICHARD: Thank you very much, Ms. Chang.

Our final speaker this morning is Christopher Stanton from San Jose. Good morning, sir. Or I'm sorry, good afternoon.

MR. STANTON: Good afternoon Chairman,

Mr. Morales, fellow Board Members. Christopher Stanton, Editor In Chief for the California Native Garden Foundation.

Speaking on a personal note I'd like to start off by observing how the need for a metropolitan area to have a high-speed rail connection is exactly the same as 50 years ago, for a large metropolitan area to have an airport, okay? We've got to get there. I've been to Europe enough times, I've been to Asia enough times, to see the importance of high-speed rail.

That said you're going to be moving -- you've heard of people already mention grasslands, farmlands, also the population. And let's talk about California's history. We took billions of dollars worth of gold out of the Sierras. Am I right? Well, that ain't much compared to the billions of dollars each year that California grows. And one of the problems that we have right now is that soil is California's real gold and we're treating soil like dirt, so to speak.

And I want you to please take a look at Tracy, for instance, right out there on the Altamont Pass Line. And that's a golden example of what not to do, okay? We have taken some of the finest farmland in the entire world and we have paved it over with single-family residences. And this is something I hope you will pay very close

attention to as you develop -- and obviously development is coming to the Central Valley. There will be higher populations there, but I need you to very carefully consider urban infill.

You're going to be creating transit hubs, hallelujah. But I want you to make sure that you do not carpet the entire surrounding periphery of those transit hubs with single-family dwellings. It's not viable. It's not sustainable. I'm a capitalist. It's still not sustainable. You need to have high-density housing so we don't pave over California's farmland. It is one of the most insane policies that's been going on here. You build there once, that's it. And you can't harvest crops there forever, okay? There's a big difference there. We need to maintain the wealth creation that comes from agriculture.

That said you are also going to be moving a tremendous amount of soil. You are going to be disturbing that soil. And you are also going to be re-landscaping on the order of thousands of acres. And so I want you to also please seriously consider -- speaking on behalf of California Native Garden Foundation -- make sure you put in drought-tolerant California native plants in all of your landscaping including just the rail path itself.

This will help sustain the environment in terms of biodiversity, in terms of the animals. Yeah, some of

them are going to get hit by the train, life in the big city. You know, you cannot avoid that. But if you can replant all of that disturbed soil with California native plants it's going to be huge boost for this state, because currently, unfortunately, our agriculture absolutely interferes and disrupts our California native domain.

So you have a magnificent opportunity here to actually put the best foot forward, both for California natives and for our California populations as well. Thank you very much.

CHAIRMAN RICHARD: Thank you, sir, very thought provoking comments.

I want to thank all of our public speakers this morning for the range of your comments, your preparation and your interest. I can assure you that my colleagues and I appreciate it and take those seriously.

So with that, the public comment session is closed. I'm going to turn now to the regular order of the agenda.

First item is item one to consider approving the Board Minutes from the April 12th Board Meeting. Do I have a motion on that?

BOARD MEMBER LOWENTHAL: I'll move.

BOARD MEMBER PASKETT: Second.

CHAIRMAN RICHARD: Moved by Ms. Lowenthal,

seconded by Ms. Paskett.

Secretary, please call the roll.

MS. HARLAN: May we state for the record that Board Member Paskett joined the meeting at 11:09, for the record.

Okay, I'll call the roll.

Director Schenk?

UNIDENTIFIED SPEAKER: (Indiscernible)

MS. HARLAN: Thank you.

Vice Chair Richards?

VICE CHAIR RICHARDS: Here.

MS. HARLAN: Director Rossi is absent.

Director Correa?

BOARD MEMBER CORREA: Yes.

MS. HARLAN: Director Curtin?

BOARD MEMBER CURTIN: Yes.

MS. HARLAN: Director Paskett?

BOARD MEMBER PASKETT:

MS. HARLAN: Director Lowenthal?

BOARD MEMBER LOWENTHAL: Yes

MS. HARLAN: Chair Richard?

CHAIRMAN RICHARD: Yes. Thank you.

So item two was the consideration of adopting the Business Plan. As I indicated with the Supplemental Comment Period we'll be putting that consideration over

until next week, but at this point in the agenda let me go back to the presentation that Mr. Morales made. And just open for any questions or discussion at this point from Members of the Board, questions for the staff on the staff recommendations or any of the other things associated with comments on the Business Plan?

Mr. Curtin?

BOARD MEMBER CURTIN: Yes, thank you.

Now, first I want to say I appreciate the complexity of developing a Business Plan. I'm one of the newer members on the Board and I participated for the first time. And the impact on California is evident every time a minor change is made or a major change. Some are happy and some are unhappy. But it is clear in the development of this Business Plan, and the consequent conversations we've been having is indicating that the High-Speed Rail Authority is paying attention to the public's concerns. And at the same time trying to build a massive project, as I think somebody mentioned, the largest in the country.

I do have a question though I'd like to -- and I want to thank the staff and the effort that's gone into it. It's pretty complicated.

So the question I had was on the financing side and I was a little concerned with the presentation regarding waiting until the operation and maintenance

portion of the train is completed or a train is completed or the segments are completed before we try to attract private investment. Somehow I seem to think we're missing the dynamic element of private investment in the earlier stages of the train. And I didn't get any sense that we were really evaluating that.

I've sort of raised it before in our meetings, but I really would like to get a better sense of how the private sector could be involved in the construction process, the design-build operating maintaining model and financing model that I've seen in other ways.

If we just leave the private financing model until the end, I think we're going to lose the efficiencies that you find in a lot of large-scale construction projects when there's some fiscal discipline brought to the design and building portion of the program.

Could we take a look at that or revisit that a little bit, because I'm not sure it's in the Business Plan and it certainly wasn't in the presentation today. So I want encourage a further discussion of that, because I know there's a lot of large firms from the United States and around the world looking to see how they can get involved at this level. And I do believe we will see construction efficiencies that we might not see if we had the P3 model at the earlier stages.

CHAIRMAN RICHARD: Mr. Morales?

CHIEF EXECUTIVE OFFICER MORALES: In the business model discussion of the Plan there is some discussion of the P3 approach and what we would expect to receive from it. I can tell you we certainly -- that is an absolute cornerstone of how we intend to proceed in delivering the program. What we have not done is look to capture and quantify the financial benefits of that approach.

We will certainly look at what else we could say, what else we should say or appropriate. I would agree completely that we've got tremendous interest from the P3 community in being a part of this program. There are lots of studies that have been done and real experience showing what the savings and efficiencies can be on projects.

Again, we haven't tried to capture those in reducing our capital cost numbers or showing new financing streams, but we'll certainly look at what else could and should be incorporated into the Plan.

BOARD MEMBER CURTIN: So I know in earlier presentations, you've pointed out the efficiencies that have been brought by the design-build model.

CHIEF EXECUTIVE OFFICER MORALES: Right.

BOARD MEMBER CURTIN: And they're significant. And I suspect they'll be more significant if there's some fiscal discipline associated with some of these design-

build models, but I'm really more interested -- I know the public -- and we keep hearing it, but where is the private investment? And I think we should at least put a little bit stronger signal, if possible, that there are a potential for private investment at the earlier stages of the process.

CHIEF EXECUTIVE OFFICER MORALES: Okay.

CHAIRMAN RICHARD: Other issues? I'm kind of going right to left here.

Ms. Paskett?

BOARD MEMBER PASKETT: I just have more comments. I don't want to restate what Commissioner Curtin said, but I do agree and associate with his comments.

I want to thank some of the witnesses that came today, because there were as you said, Mr. Chair, many thought-provoking presentations. And I just want to touch on a few of the concepts. I tried to write everybody's name down, but I wasn't that fast. So it'll be more the notes that I took.

I do very much appreciate the comments regarding environmental justice. And CEQA isn't the only process for which the environmental justice issues are addressed and will be addressed. And I know we've talked to the staff outside of the CEQA process with some of the sustainability plans. That certainly will be addressed.

I also do appreciate, and will note, that this is the first time I've driven from the Central Valley to San Jose and completely underestimated the traffic. So the attorney who -- patent attorney who commutes here -- I don't know how he does it. But I'm even more encouraged by our efforts to start with this route today.

And the other comment, which I think is also extremely important -- one of our last commenters -- is with respect to the ag land and as we develop -- and looking at how we develop within our communities and the impact it will have on potential growth. But also as we put the dirt back together and we replace it with native landscape, while it doesn't seem like a huge point, it is so important as we're still in the middle of a drought. And we consider moving forward with a sustainable approach and how our contractors and the team looks at what this agency does in that regard. So I appreciate those questions -- I don't have any questions -- or those comments.

I don't have any questions today for the staff, but I do want to really extend my appreciation for those who drove here and took the time and shared your thoughts with us today.

CHAIRMAN RICHARD: Thank you, Ms. Paskett.

BOARD MEMBER CORREA: Mr. Chair?

CHAIRMAN RICHARD: Yes, sir?

BOARD MEMBER CORREA: I'd like to add some comments as well?

CHAIRMAN RICHARD: Sure, Director Correa.

BOARD MEMBER CORREA: Thank you very much.

I also wanted to -- Commissioner Curtin brought up some very important points, which are looking at private investment in an earlier stage. Again, I will not repeat what he has said, but I will kind of highlight a couple of things.

First of all, one of the comments made by the public was the Indiana Toll Road as an example of where to go for private sector investment. But I also want to alert the staff to the California experience. We've had some toll roads in California. We've worked through the good things and bad things of toll roads through the last 20 years. One of them was on the 91 Freeway in Orange County where some very, very well-paid attorney put in a no compete clause that then came back to haunt us as we moved folks from Orange County to Riverside County, the two fastest growth areas then.

So look at those lessons learned as we look at private investment in this marvelous transportation project. Thank you very much.

CHAIRMAN RICHARD: Thank you, Director Correa.

Director Schenk?

BOARD MEMBER SCHENK: Thank you.

Well, first of all I thank everyone who came here, especially a long distance, to provide comment to us. It is very useful we get the written commentary as well.

And I want to -- sorry, I'm coming down with a cold, so I won't breathe on you -- I also want to thank the staff for their diligence. Many of us worked with the staff in reviewing, editing, etcetera, the Draft. It is as someone said yeoman's work.

I especially want to thank the speaker who brought us to the big picture and reminded us that this is a statewide project. And that this is hopefully in our lifetime, going to be from San Diego through L.A. and the Central Valley to the Bay Area.

And I sound like a broken record, I know, but the irony is that this project started in the early '80s and then in the mid-'90s as San Diego-L.A., because it was the second -- and still is -- the second busiest Amtrak corridor. And my concern is that in the Draft and as we discuss it -- and while it's really important to get down in the weeds -- let's not overlook that this is a statewide project.

And the mention of San Diego, I think it was once buried on some page, San Diego to L.A., I want to -- I know

Mr. Chairman, that you have often said that if there's some way to take Phase 2 and speed it up that we're going to do that. I think the Draft needs to reflect that as well and it needs to be upfront rather than buried in a footnote somewhere.

But again, I thank the staff. I echo the comments of my colleagues about environmental justice, agriculture, private partnership, so won't repeat all of that. But thank you.

CHAIRMAN RICHARD: Thank you, Ms. Schenk.

Ms. Lowenthal?

BOARD MEMBER LOWENTHAL: Thank you. My mic isn't working.

(Off mic colloquy)

CHAIRMAN RICHARD: Well there's a highly collegial body here, so that's good.

BOARD MEMBER LOWENTHAL: Speaking of collegial, I just want to comment on the difference between the mood today and the mood last week in Anaheim. Was it last week or the week before?

And I want to thank the CEO, Jeff Morales, for the amount of work that was done given all the comments of last week, because today what I experienced is much more a sense of partnership. Partnership with all of those who have come with recommendations and concerns and it's my

hope that we keep that spirit of partnership with the entire state, those who are impacted by the alignment, and those who come from afar. This is the kind of collegiality that we hope to continue and I want to thank your staff for their new recommendations in response to what we've heard from the community.

CHAIRMAN RICHARD: Thank you, Director Lowenthal.

Vice Chair Richards?

VICE CHAIR RICHARDS: Thank you, Mr. Chair.

I'm just responding or commenting on what Director Curtin said. I certainly endorse our ongoing concern with regards to private sector investment and I think that a follow-up on what he's requested would be certainly appreciated.

And on that same subject I was wondering if I could ask Kurt Ramey to come up just for a second?

CHAIRMAN RICHARD: Yeah.

Kurt Ramey, could you come up to --

VICE CHAIR RICHARDS: I know that throughout these last several years we've always talked about the sale of the concession once we've got ongoing operations with those operations having been proven. So it somewhat ties in with what Director Curtin's asking.

But I was wondering given what our policy has been in the past, Mr. Ramey, is there anything out in the

marketplace or those who you suspect might be potential bidders that would cause you to suggest that the policy that we have -- if it is a policy, but it's certainly the intention that we've had -- do we need to rethink that intention? And is there any way without the loss of potential capital revenue through the sale of a concession that we ought to be thinking about a different point in the timing of the sales?

MR. RAMEY: Just to kind of tie in the two kind of comments and questions together, the discussion of monetization is a discussion around monetizing and leveraging future project revenues once they start occurring. And we've had just very unanimous sort of market response that says, "Look, those revenues, we believe in them. They're out there and once they start and we can measure them, then we believe that we can identify an appropriate investment level that's an appropriate value for the state and everybody has some visibility on that."

I think the financing up underneath construction, which can tie for example to Cap and Trade, I think that those P3 models, availability models, all of those things have tremendous opportunity to advance construction faster, save life cycle, all of the things that alternative procurement can drive. But the security for the construction money, the security for the monetization, are

two different sort of pots of money.

And I guess the short answer is we've seen confirmation, so a couple of kinds of folks sort of come to visit the Authority in terms of investors. There's strategic investors that are kind of concessionaires that want to operate and have investment funds tied to them. And then there's these pure sort of financial investors that would sort of join in consortia to do that.

And on both sides they tell us that, "We're very interested in those revenues when we can see them."

VICE CHAIR RICHARDS: All right, thank you.

And also I had a couple of questions just to follow up on the comments that Thierry was making earlier. Can you come forward, please?

One of the things in reading through the Plan and the comments, I wanted to see if you could give us some additional light on the change or the increase in ridership and revenue numbers compared to 2014's Plan?

MR. PRATE: Sure, as I briefly mentioned before, the main difference with the forecasts we have developed between the two plans, the '14 and the '16, in 2014 as we were still working on the design or development to get from Los Angeles to Anaheim, the ridership forecast was only including L.A. Union Station as a terminus. In 2016 we have included a full service for Phase 1 down to Anaheim.

So reaching further south of the system opens greater potential to attract riders in a certain part of California. And as you can see from the numbers it has a high potential in terms of ridership and also in terms of revenue.

I mean, we also provided some improvements on the models, some revisions. We got comments about access and egress. We got new data coming from the surveys, which has some adjustments on what we call the average trip lengths. So all these elements contributed to modify and uplift the forecast. But I mean, just from an understanding point of view just increasing the lengths of the system is what drives, in principle, these new numbers.

VICE CHAIR RICHARDS: Thank you. Also I wanted to ask you about our fare policy with regards to how it's reflected in the model. And how it impacts the revenue forecast?

MR. PRATE: Yes. Yeah, this is an interesting question, because I can totally understand the questions we get and the comments we get into how much it will cost us to get from one point to another point. And for the purpose of modeling with the ridership we have to include as I was explaining, various attributes. Cost is definitely one; it's not the only one, there are speeds, and various access points. But the model we use is

calibrated on an average cost and therefore we use an average fare.

So if we move along and we carry on with the high-speed rail operator, they will have various fares in the fare policy that is going to be applied. And I was saying, like an airline you can have advanced purchase of your fare where you have a discounted rate and that could be just for long-term planned journeys. Or you can have, you know, first class or just less speed rate. (phonetic) And all of this optimization is yet to be done. It's more of a commercial aspect, not so much a ridership.

And I'm sure you heard about yield management that was kind of created with the airlines. Now it's commonly applied in other high-speed rail networks, the French one, the European one or the Asian one, apply these systems. We don't need to have a large variety of fares to derive some forecasts.

VICE CHAIR RICHARDS: Can you tell us a little bit about with regards to the group travel and some issues that have been raised about it? If you can maybe put a little more light on that. And secondly, was group travel considered in the 2014 Plan?

MR. PRATE: We did have some elements of group travel included in the 2014 Plan, but that's definitely something we have improved in the 2014 Plan and 2016 Plan.

And we've got some good comments since 2014 on this one.

To make it very simple, it's kind of clear to understand that if we have more than one person using a car or traveling in a car -- if we include just a one-person cost -- we tried to have the best comparison between the costs for travel by car or by another mode. So we looked at the California Household Transportation Survey that was made recently available. We got some information about what is the average size of a group by car -- it's around 2.5 persons by car -- and we used that as a divider of the costs.

In other words, if it costs a hundred just to get from one point to another point, instead of just assuming this cost is the same for every person in the car we just applied division, so the cost is reduced. And therefore make that mode a bit more attractive relative to the other mode. So that's the thing we have improved.

Comments were also asking how do we allocate trips made by one driver versus group travel. Same thing, we used the California survey information to apply those kinds of ratio.

VICE CHAIR RICHARDS: All right. And finally, with regards to population forecast, I'm going to assume that they play into the development of the modeling. I'm not sure quite sure which ones you look at an how reliable

they all may be, but they certainly have given the impression from time to time -- and probably since '12 and '14 changed -- so how have you looked at the changing population forecasts in the modeling for '16 and how they affected the outcome?

MR. PRATE: So that's a feature in the model we had also developed in 2014. So instead of simply relying on one population growth forecast that could be provided by the Demographic Department from DOF we collect a range of forecasts between agencies, private sectors such as Moody's or other kinds of private level, also universities broad forecasts. So we have a range of forecasts and we use them in our risk analysis.

So we discussed extensively since 2014, the way we apply what we call a Monte Carlo Analysis to determine a probabilistic forecast. That just means that we can now attach a probability to a number, so a likelihood of the numbers to appear. So on the population if we use our range of forecasts we have a very optimistic one, a very pessimistic one. So that gives us a range on which we can apply those probabilities, so that's something we include in our forecast through the risk analysis. So we're not relying on simply one forecast that could be wrong. We apply a range of forecasts and we distribute those probabilities between the range.

VICE CHAIR RICHARDS: And finally, I think because it's pretty -- it struck me at the outset, what are the factors that caused ridership and revenue projections to increase over the 2014 Business Plan?

MR. PRATE: What two things is obviously the overall volume of ridership, so we are back in the discussion we had with Anaheim, but also the lengths of the travel. So I mean, to keep it simple, with usually economy growing the overall length of trips from the people increase. So it's not a one-to-one relationship, but with a growing economy people tend to travel further.

So when we include a new mode in the market, ridership and high-speed rail start diverting some of those travelers. So we take travelers from the road, we take travelers from the air and from other modes. And because the overall market has evolved, and that's why we always update as frequently as we can the data we have in the model, we observed that the trip lengths have increased. So that's the two factors.

So because our fare system is a distance-based fare at the moment, so if we have a longer trip we can generate more revenues. So that's why we don't have the exact same increase in ridership as we have in revenue. The increase in revenue can go slightly beyond the increase in ridership, just because of this average distance.

VICE CHAIR RICHARDS: All right, thank you.

Thank you, Thierry. I think it was --

MR. PRATE: Thank you.

CHAIRMAN RICHARD: Thank you.

Well, I'm just going to make a couple of comments here to close on this item in no particular order. But first of all, I want to thank my colleague Tom Richards, for exploring those issues.

When I was reading comments, a lot of the press and public inquiry around this goes to some of the geographic issues that Mr. Morales was talking about before. But there were many other comments that really tried to delve into the underlying predicates of our capital and operating costs and so forth.

And those commenters spent a lot of time preparing their materials. And they deserved to know that we had looked at those, we had considered them. We had asked our staff to analyze them and to help inform us as to what was important and clear, correct, or perhaps needed some clarification. So I think that was very important and I appreciate Vice Chair Richards taking the time to delve into those issues.

What was interesting about today's discussion on this is it really occurred on a couple of different planes. On the one hand we heard from local citizens who are

looking at the prospect of high-speed rail coming into this community. And as has been the case with other communities around the state, wanting to make sure that we understood what was important to preserve and protect in their communities.

And I've been doing this for four-and-a-half years now and probably the strongest impression I have moving around the state, is how proud Californians are across the state, of where they live. And whether we're in Anaheim or Visalia or Fresno or San Jose, everybody's got a sense of community and it's something that they want to preserve. And it's very important for us as we're doing this to do this in the right way. We can't do it without some disruption, but we certainly can do it with our eyes and ears open to what is precious and what needs to be preserved and protected.

And I'm very proud of the fact that in Southern California recently I think we demonstrated quite clearly our sensitivity to environmental justice issues as we were looking at the very challenging alignments between the high desert area of Antelope Valley and coming into the San Fernando Valley. And I would hope and expect that as we move into this community, people will also see that we are very sensitive to those issues. And we're fortunate on this Board to have people who have specialties like Ms.

Paskett in this area, who understand what we need to be doing. And so from the Board level and policy level we will certainly be aware of and responsive to that.

Going from the community level as my colleague, Director Schenk, said let's keep our eye also on the big picture of what we're building here for the state. And I think one of the things that has been exciting and gratifying from this process -- and it's been bumpy in ways and a lot of people have raised concerns -- but if you look behind those concerns in many cases it was about communities that didn't want to be left behind. That they want to be part of this new transformative 21st Century transportation system and whether it's Anaheim or Bakersfield or Merced or Palmdale or the Burbank area people are saying, "Well, wait a minute, when is the train coming to us? When is our community going to be connected to the rest of the state?"

That was really the vision of the people who put together Prop 1A. And Mr. Morales says this all the time, to remind us that the purpose was to connect the areas of California, and that's what we're doing.

I'm frankly very excited by this Business Plan, because my colleagues go way back on these issues to the very beginning. And they've seen the transition from planning and thinking about and trying to get support for a

project, to one that today is in construction where potentially we're starting to worry about labor shortages in the areas that have had labor surpluses.

We're in construction with \$3 billion of construction right now in the Central Valley. And we see the clear path to delivering the first operating leg, the first high-speed rail trains in America and coming right into this community here. Are there challenges to that? Of course. Are there uncertainties? Yes, there are. But we see the path. We see how it can be done and this Business Plan lays out for people that it can be done and it will be done. And that as we do that it unlocks the value that can help us build the rest of the system.

So for the first time I think we are able to say to the Legislature and the people of California here are the steps within nine years operating 200-mile-an-hour trains that are financially self-sustaining, can be connecting two of the most important regions of our state. I think that's something to be heralding and to be excited about.

I want to then just close by thanking the men and women of our staff who've worked very, very hard on this. There's been a lot of person hours that has gone into it. There's been a lot of effort to work closely with regional partners to restate and reassure them of our commitments,

to enter into new commitments as you heard about today with the Northern San Joaquin Valley Initiative, which by the way we didn't get into real detail with it today. But it's not just about high-speed rail.

That involves a broad initiative that includes high-speed rail and our partner and parent agency, the California State Transportation Agency, to substantially upgrade rail service, traditional rail service: Amtrak, Ace, the San Joaquins, in that area. And tied together with high-speed rail to really have a network and here in the home of Silicon Valley people understand what the word "network" means. And a network gives you much greater strength than any single linear alignment. So that is another key piece of this, the connectivity with regional and other intercity and other local rail and transportation systems is really going to strengthen this beyond what's immediately obvious.

Finally, I'm sorry -- I was thanking the staff. I do want to thank them for their work. There's been a lot of work, not only to develop this document but to burnish and expand our partnerships.

And I'll just close with this: it is about more than just building a train. People have talked today about the land use issues. Those are absolutely critical. The train, the technology is like any other technology, it can

be good or bad depending on how it's used. And what's important for us is to keep our eye on the ball that this is about transforming the future direction of California into something that is far more sustainable, consistent with our need to address climate change issues. And also to sustain the economic vitality of the state, so we need to look at this as a tool to help us rebuild many of these cities in the Central Valley and to sustain growth in a responsible way, so that's something that we just can't take our off of.

So turning then to the Next Steps I'm going to ask the staff to take account of all the public comments today in addition to those public comments that will be formally submitted on Monday. And I think I can announce at this point that at the end of this meeting we will adjourn to a time next Thursday at probably 3:00 o'clock. The location will be the Sacramento City Council Chambers, I believe, where we will make final deliberations and be ready to submit this to the Legislature and the people of California.

Final, final, final thing: nothing like this gets built without leadership. We're very fortunate that we have a Governor who has said that he wants to be a part of building big things again. This is the spirit of California. And I'm sitting among colleagues that include

two former members of the California Legislature who made very courageous votes in 2012 along with their colleagues in the California Legislature to move this program forward. And the Legislature also then in 2014 gave us the key with the Cap and Trade revenues that make this possible. So we want to thank them.

So I'm just saying that by way of closing on this particular agenda item and thank everybody again for their participation.

Now, we have several other items on our agenda --

BOARD MEMBER CURTIN: Mr. Chairman, if I may, while we're in a thanking mode?

CHAIRMAN RICHARD: Yeah?

BOARD MEMBER CURTIN: I really want to personally thank you for the extraordinary effort that you've put in for the years that you've put in for the years that you've been on this Commission.

For those of you in the public arena, this has been an enormous amount of work that you've taken on and done a fabulous job with. It's pretty rare that you see that kind of effort from a Chairman of a Commission. It's almost like a full-time job as you, probably to your chagrin, have discovered. But I really want to personally thank you for really steering the ship; it's been fantastic.

CHAIRMAN RICHARD: Thank you. Thanks.

Let me ask the pleasure of the -- I'm sorry, Mr. Correa?

BOARD MEMBER CORREA: Just one, I don't want to miss the opportunity to also echo Danny Curtin's comments about your great job. You've moved this project in a very constructive way forward. Thank you very much, sir.

CHAIRMAN RICHARD: Thank you. I appreciate that from colleagues.

Colleagues, it's 12:40. We probably have about 50 minutes of agenda items left -- Mr. Morales is correcting me.

CHIEF EXECUTIVE OFFICER MORALES: We can squeeze it down.

CHAIRMAN RICHARD: We will squeeze that down.

CHIEF EXECUTIVE OFFICER MORALES: We have -- they're just informational updates on the segments in Northern California.

CHAIRMAN RICHARD: And we will not be having a closed session.

CHIEF EXECUTIVE OFFICER MORALES: Right, we have no closed session. We can get through this, I think in ten minutes, probably.

CHAIRMAN RICHARD: Yeah, okay. So pleasure of the --

CHIEF EXECUTIVE OFFICER MORALES: We have the City of San Jose to make a quick presentation.

CHAIRMAN RICHARD: The City of San Jose is next to make a presentation. Can we just proceed to that? Are members okay or do we need a few minute break?

Oh, I'm sorry.

CHIEF EXECUTIVE OFFICER MORALES: Oh, we need a break for audio-visual apparently. We need a five-minute break.

CHAIRMAN RICHARD: Okay. We will take a five-minute break, but we -- I know everybody's blood sugar is starting to diminish but we're really going to keep it to five minutes and we'll be right back. Thank you.

(Off the record at 12:44 p.m.)

(On the record at 12:52 p.m.)

CHAIRMAN RICHARD: I'm missing some Board Members. We'll take a second. We've got Mr. Correa, Ms. Lowenthal, Ms. Paskett.

(Colloquy before meeting resumes.)

Okay. So next we will turn to item number three and we're pleased to have a presentation by the City of San Jose on Station Area Planning, the Intermodal Plan for San Jose.

MS. WALESH: Good afternoon, Chair Richard, Board Members, Mr. Morales, I'm Kim Welsh. I'm the Deputy City

Manager of the City of San Jose. I'm here with our Director of Transportation, Jim Ortbal. And just want to say how much we appreciated the offer by Ben to have a few moments on the agenda to share with you the story of how we are starting to work together on the ground in San Jose with other partners to really achieve the full potential here.

We are incredibly appreciative of the opportunity that high-speed rail is bringing to our city. You may know we were already planning for the transformational power of BART coming down the East Bay and into our Downtown. And now with high-speed rail we look forward to an even more profound transformational impact on San Jose, the Bay Area and the state.

And so if I can leave you with one message today it is going to be how absolutely essential interagency partnership is going to be.

And we have started working together in frankly unprecedented ways: the City, VTA, the Caltrain JPA and the High-Speed Rail. And we know that we are going to need to have some very difficult and complicated conversations over the next ten years. But we are very, very committed to working together to achieve what we think can be absolutely tremendous outcomes.

And Chair Richard, as you said one of the

outcomes is clearly this incredible transportation resource. And we believe we will develop a model intermodal transportation center in Downtown San Jose that will play a strategic role in the Bay Area transportation network and in the state rail network. But at the same time, we are so committed for this project to catalyze private development in and around the Diridon Station area. So those are really our two opportunity areas and we're very committed to achieve potential for both of those together.

So I'm going to try to take my 20 minutes and reduce it to ten given the late hour. But I want to do several things. One is I want you to see that in 2014 we developed the Diridon Station Area Land Use Plan. And this was adopted by our City Council and has program-level environmental clearance. And this is clearly conceptual, but I want to communicate that the central zone in the middle, which is where that station will be is six core mega-blocks and that is over a million square feet of high-density office planned with retail and entertainment uses below.

North of that, which is just north of the SAP Center, the arena, is the northern innovation zone, which again is planned for office and retail.

And then on the south is the southern zone, which

is office but especially a lot of residential, so all of this is about 240 acres of development. The central zone right now is pretty much parking lots, right? So the redevelopment and development potential is absolutely huge. And what's so interesting is that the vision has always been to have this well-integrated transportation node with the high-density office and entertainment in a very lively public area.

And what's interesting is that in that central zone, half of the land is owned by three public partners, so by the City, by the VTA, and Caltrain. And so the challenge now, and the opportunity, is for these entities to come together and work together, both on the developments and the intermodal station in a way that maximizes benefit for everybody by aligning our resources. So this Land Use Plan is a really important foundation for our work together.

The second thing I want to share with you is that in January we launched the formation of the Diridon Transportation Center. It's our interagency working group, so we have over 30 staff again from the City, VTA, High-Speed Rail, and Caltrain that are now meeting monthly to work on implementation. And we are organized in these five areas here: communications, governance and funding, the station, the private development and in the middle to plan

for issues of access to this area including parking.

And what we've realized from looking at other models is that the development of the intermodal station and the transportation services and the development of the areas surrounding it really must be planned and integrated together. So that's why we are all one team and we are focused on making really hopefully smart and synergistic investments.

So I want to say a word about the three first projects that this team is undertaking. The first is we are developing a Vision Statement. And I want to just preview with you some really important elements. One is, is we are very committed for our work in San Jose to be a model for what the high-speed rail and state-rail system can be, especially in terms of the intermodal connections. We are really committed to focus on the customer and the traveler and planning for seamless, easy, intermodal connections.

We are planning for the station to be fully integrated with the private development. That means private development next to, inside, perhaps on top of the station. And we are really working also on having multimodal access into the station and being very progressive about that.

We also believe that we need to find a way to

connect the station to the San Jose Airport and are going to be launching some work in that area. If you think of it, people from the Central Valley are now going to be able to come here and access our airport. We're going to be able to access our rental car facility and the potential for long-term shared parking at the airport to help with serving the high-speed rail, the station.

Last, we are all very committed in this community to this being a really superb place. So beyond the transportation function we very much want the surrounding district to be a very attractive destination in and of itself; one that knits together all of the neighborhoods and the Downtown surrounding this area currently, into one destination.

So two specific projects we have underway: one is planning for the private development in the station area. And we very much appreciate the grant from the High-Speed Rail Authority that is going to make good planning possible. So we announced together several weeks ago the \$600,000 grant and we are going to use that to explore the types of governance functions around these public agencies that we're going to need to coordinate development of this land.

We're going to need to look at what is the market for development of the property, what is the

infrastructure, what is the financing. So we're kicking that work off now and that's a really important part of this being a catalyst for very high-quality urban development in and around the station.

The second is with the VTA in the lead we are starting the process of preparing what we're calling the San Jose-Diridon Station Facility's Master Plan. So we are going to start planning now very specifically for this station to really be a transportation center that will be one of the busiest multimodal stations in North America. So we will be issuing an RFP shortly through the VTA and it will look at all of the current and planned transportation services that need to come together in this place. And what are the facilities and footprint and support that is going to be required to provide those seamless passenger connections? And what will the footprint, what does it need to be?

And again, this study is a key piece for everything else that needs to follow including the station access planning, building design and specifying those private opportunities. So a VTA in the lead, this is going to be a significant focus of our work over the last year.

And last, I just want to say that our team is very committed to exploring models in Europe and the U.S., not just for what this is, but for how we go about doing

this. And Denver has been particularly helpful to us on sharing their interagency agreements, how they solicit private development, providing us with a lot of lessons learned from their experience in Denver which have been relevant.

So the last thing I want to do is I just would like to emphasize three key points from the comment letter that the City of San Jose submitted. And the first is the importance of community outreach and transparency.

You know, I think you know this high-speed rail project, it crosses really the full length of our city -- 20 miles -- and is the largest length of track of any city on the Valley-to-Valley segment. So we -- and I know you share this -- have very strong expectations of transparency and involvement in our community as we make decisions and go along and especially addressing our communities of concern. And I just want to say watching you today, the respect and the care that you obviously hold for the community members, as they came forward and expressed their concerns we just really appreciate that.

The second is we're going to want to talk about parking to serve the station users. Our city is transforming from suburban to urban and we are fully supportive of shifting modes out of cars and on to bikes and walking and transit. But we also are going to have

sort of a Rubik's Cube to solve over the next ten years with the construction of the station and the development around it. And we're going to have to figure out as parking comes offline for private development, station development, how we're going to meet the needs of the current transportation users in Downtown. So we have a team that's focused on that and we appreciate sensitivity to that.

And the last point I want to make has to do with the funding of the Diridon Station. We believe that once we finish our work on envisioning and planning what this, that we're going to need to figure out how to have investment in this key station that's really commensurate with the role that it's playing. So we anticipate ultimately that the collective investment in this station is going to be comparable to that of the other major stations in the statewide rail network including Union Station and the Trans Bay Terminal. So we will be working very specifically on that over the next year and ask your support.

So just to conclude, obviously our whole team is very excited about the Valley-to-Valley Plan as the place to start. It's clearly going to transform people's lives. It's clearly going to transform the trajectory of our community and on others. And we appreciate this

opportunity. We want you to know we will be a strong and very professional partner with you and that the success at the implementation level is going to depend on these relationships, especially that we have as staff, among all of the agencies involved. And we are off to a really good start on that.

So again, thank you very much for the opportunity and the opportunity to share a little bit of what we're doing on the ground to realize the tremendous opportunity that you've brought to us.

CHAIRMAN RICHARD: Thank you for that presentation and I think we share your enthusiasm to see this really starting to move forward. And obviously with the shift in sequencing that adds urgency to our partnership.

Let me ask my colleagues if there are questions at this point?

(No audible response.)

Well, thank you so much. And thanks again for hosting us here today.

Mr. Tripousis, you know what you face here right?

MR. TRIPOUSIS: I do, Mr. Chair, and thank you -- a very high-speed update about Northern California High-Speed Rail. Ben Tripousis, Northern California Regional Director, thanks for the opportunity to be here.

Let's see, first the important component of the Northern California Project Section is that we've selected the team of HNTB to complete environmental clearance in Northern California. We have a single team completing both project sections from San Francisco to San Jose and San Jose to Merced.

That's especially important for the City of San Jose, because it encompasses all 20.9 miles of right-of-way within the City of San Jose and we can look at the city more holistically by having a single team doing both project sections and delivering both documents.

Mr. Chair, as you said correctly, this isn't just about high-speed rail, it's about statewide rail modernization and investment. And here are some of the investments that we've made in Northern California, the most significant of which is our \$600 million partnership with Caltrain for the electrification of the Caltrain Corridor. Certainly working with other partners like BART, and the Altamont Corridor Express, and Capitol, to improve those systems as well, so they can increase their capacity and connect more effectively eventually with future Northern California High-Speed Rail.

From San Francisco to San Jose it's the 51-mile Caltrain Corridor. We're again working with Caltrain to electrify the corridor. We'll be operating largely within

the confines of the existing Caltrain Corridor. The inset that you see here is the Downtown Extension that Ed Reiskin referred to earlier, extending from the 4th and King Station eventually to the Transbay Transit Center in San Francisco.

It's important to note as it relates to the stations along this corridor that there's a good deal of work going on at the 4th and King Street Station where the City of San Francisco is completing a rail yards and boulevard study about the operation of the station access to -- eventually to Transbay -- the land uses around the station. ProLogis, the underlying owner of the 4th and King Street Station is also putting forth a development plan, a future development plan, for the station and we're working with them on that.

And at the same time MTC as well as the State Transportation Agency are looking for ideas on the future connection to the East Bay, the future Bay crossing, and that's all -- landing on 4th and King is ultimately the confluence for that long-term connection.

Some of the elements of the project that we're looking at in the Peninsula Corridor include near-term safety improvements to four quadrant gates and fencing the entire corridor, track modifications to increase speeds, passing tracks to allow the efficient operation of both

commuter trains and our future high-speed trains, which will accommodate rather up to six Caltrain trains per hour per direction and up to four high-speed trains per direction.

And, of course, improving station elements and modifying the 4th and King Station, the Millbrae Station for the ultimate connection to San Francisco National Airport, and of course here at the Diridon Station in making sure that we make efficient multimodal connections at those facilities.

From a timing standpoint we're moving through the project development process and definition. We'll begin to hold scoping meetings in May where we'll begin the official outreach process to the community on the environmental document itself, ongoing technical analysis all with a mind toward completing the environmental review by December of 2017.

From an outreach standpoint we're working very hard with the local communities and local stakeholders and the local agencies to ensure that we're reaching out effectively and broadly. We are providing ongoing stakeholder briefings. We've just completed a series of community working groups in San Jose and Gilroy and Los Banos and we'll continue to do that on a regular basis. We have, as you see here, scoping meetings set for late May

to begin that environmental outreach in earnest. And this outreach will be ongoing in nature.

BOARD MEMBER PASKETT: I just -- Mr. Chair?

CHAIRMAN RICHARD: Paskett?

BOARD MEMBER PASKETT: I'm going to let you take your breath for a minute.

MR. TRIPOUSIS: Thank you.

BOARD MEMBER PASKETT: Because you're talking faster than I could ever talk and that's pretty good.

CHAIRMAN RICHARD: I don't know.

BOARD MEMBER PASKETT: So while we're on this slide one of the things that I heard today, and one of the things that we heard last week in Anaheim, was regarding transparency. And I am so impressed with all the meetings the staff has held. I'm wondering, in addition to the meetings, the outreach meetings and the community working groups, if there is a way given the age that we're in, and those millennials who come behind us who are so savvy, to maybe make some of the information more available online for those who can't make the meetings?

One of the commenters today said that they'd love to see some appendices attached, but it feels like -- and I've poked around on our website a little bit trying to be a millennial -- it feels like maybe that's an area where we can improve. And I know that's not an area for you, but

the slide's up and we're talking about it and maybe the communication staff or Jeff, I don't -- the right staff can take a look at that. So as we move forward there is more transparency and accessibility?

The State Air Board has a fantastic website. The CPUC does not. I mean, there good and bad, but I feel like with such a large project and so many impacted communities, our outreach should be better and more diverse.

And I'll stop talking now.

CHAIRMAN RICHARD: No, that's good.

I'll just say that as somebody who has practiced in the energy area for about 40 years I cannot navigate the CPUC website. I have no idea.

BOARD MEMBER PASKETT: I think we should try to better than them.

CHAIRMAN RICHARD: I think we should, yeah.

BOARD MEMBER PASKETT: It's not hard to do.

CHAIRMAN RICHARD: Yeah, I think it on purpose.

Mr. Morales, did you want to make a comment on that?

CHIEF EXECUTIVE OFFICER MORALES: We can certainly look at what we can do.

I would agree, we have a tremendous volume of information, it's dense though and hard to navigate at times. It's something our staff is definitely working on

to try to make it easier, more user friendly to navigate around. But there's just so much information there that I think it's challenging at times, but we will certainly -- in particular with the outreach associated with these environmental segments -- look also to utilize the consultants we've brought on board to help simply that and make it more accessible to people.

BOARD MEMBER PASKETT: But would it be too much to ask, Mr. Chair, if Jeff could report back to us on maybe a framework for the additional outreach at a time that's reasonable?

CHAIRMAN RICHARD: I think that's a very good suggestion and I'm glad Mr. Morales just made the one comment about bringing additional resources on board, because our communication staff is pretty stretched. And I think having somebody who's got a specialty in this area of translating all this dense material into something that is accessible by the community sounds like the spirit of what you're looking for. And I think that's right.

So we will ask that that be a presentation back to the Board. Thank you.

Mr. Tripousis?

MR. TRIPOUSIS: Thank you, Mr. Chair.

I'll try and slow down a wee bit. That's okay.
From San Jose to Merced, the 84-mile section extends from

the Diridon Station here in San Jose south to Gilroy and east eventually to Merced. As you see here our project section that we're environmentally clearing connects to the Central Valley wyes, which are currently being evaluated as part of the Merced to Fresno document. And our clearance connects roughly eight miles east of Los Banos. That's the area that we're analyzing at the moment.

And the corridor from Gilroy to Merced runs largely along Highway 152. The stations in this section are the San Jose-Diridon Station, which I like to remind folks actually has more modal connections, will have more modal connections, than even the Transbay Transit Center in San Francisco. So connecting those modes, ensuring that BART connects to our future system and all the other regional and local transit systems that come together at Diridon is vitally important here at Diridon. And the City of San Jose has been a great partner toward that end.

The schedule for San Jose to Merced is very much the same as San Francisco to San Jose. We're moving forward with technical analysis. What's important about the San Jose to Merced Project Section is that we have gone a fair distance with the analysis of the corridor in the past. And the alternatives that we're looking at, are largely the same as they were in 2009 when we last were in the process of environmentally clearing the corridor. So

we are well into environmental review.

So we can focus on those alternatives much more directly, work with stakeholders and the community much more rapidly, in getting to determining the potential impacts of those alternatives, and move the document along consequently more rapidly. And again, we're aiming toward December 17 to have completed environmental clearance in this corridor.

We've also engaged in significant stakeholder outreach in this corridor, again reflecting what we're doing in San Francisco and San Francisco to San Jose -- the stakeholder briefings, working with the local agencies.

And I should mention in the San Francisco to San Jose Corridor we've also utilized the Caltrain outreach resources of a technical group and a local policy maker group that Chair Richard is now leading the charge with as the Chair of their policy group.

CHAIRMAN RICHARD: The word you were looking for is "graciously agreed" to lead.

MR. TRIPOUSIS: Graciously agreed --

CHAIRMAN RICHARD: Thank you.

MR. TRIPOUSIS: -- in his copious free time, but we're trying to utilize as many outreach opportunities and resources as we possibly can.

We've, as I mentioned, completed three community

working groups in the San Jose to Merced Section and we'll be scheduling additional open houses in May. But the working groups, the technical meetings, and the open houses will be an ongoing exercise over the course of the next year and a half with a mind toward to achieving that December 2017 deadline.

And last, but certainly not least we continue to be engaged with our partners in the Central Valley: the Altamont Corridor Express team, the Capitol Corridors, the San Joaquins, the San Joaquin JPA, to ensure that as far as we can with the Phase 2 section we can complete some planning and analysis of the corridor, partner with local communities with the mind at looking at the stations that we are here along the 110 -- that we show here rather -- along the 110-mile corridor.

That we try and get in front of many of the issues that we'll face when we get to full environmental clearance, when we can complete that between Merced and Sacramento, and try in working with the State Transportation Agency and our partners to move toward near-term operations -- service expansions for ACE and other services, the San Joaquins, in the Corridor to provide near-term service until high-speed rail can arrive.

That's my report, Mr. Chair. I'm happy to answer any questions.

CHAIRMAN RICHARD: Questions for Mr. Tripousis at this point?

I was just going to observe that you said one thing that I think also goes to what Director Paskett said before, which is that as part of this outreach and our ability to be effective in communicating both directions with communities that are affected, relying on our partners like Caltrain and the Peninsula or like the City of San Jose as we heard here today, they have much closer associations with those communities and deeper ties to them.

And so it really ought to be part of the strategy is to make sure that we're doing what Mr. Tripousis has done with the Peninsula of getting their input into the best way to reach those communities, it seems to me.

BOARD MEMBER PASKETT: And I would also, just reflecting on some of the commenters in addition to local governments -- and I know they are close to them -- there's so many CBOs out there who want to engage. And even engaging with them directly might make sense, but I'll leave it up to Jeff to come back to us.

CHAIRMAN RICHARD: Yeah, with a strategy --

BOARD MEMBER PASKETT: Yeah.

CHAIRMAN RICHARD: -- on how we do that.

All right, I think I just wanted to make one

point, which this last map shows. And actually I want to give credit to a very fine public official named Chad Edison who works with the State Transportation Agency as the Deputy Director for Rail, that Secretary Kelly brought in. But he was making the point as we were talking in the last few days about this Northern California Rail Network, that you really see embodied here in this map, that for those who are concerned about how we're going to reach Los Angeles that this networking -- that it's not just our high-speed rail line from the Central Valley here -- but all of these other things that are connecting to each other are all going to generate that much more ridership, that much more revenue, and that much more private sector investment based on that revenue. And that that's going to enhance our ability to make the investments that build us to the south.

So there's a lot of work being done, not just on high-speed rail, but on this broader Northern California Rail Network. And it's similar to what transportation leaders in Southern California are doing with the blended service there. But these things altogether, I think, accelerate our ability to develop the funding necessary to help build to the south. And Chad was very good at pointing that out and some of those thoughts have made their way into some of the latest incarnations in the

Business Plan.

So we just want to make sure that while we're getting highly developed plans here, everybody understands that nobody's being left behind. And we're pushing as hard as we can to move as fast as we can to connect the entire state.

Are there other questions or comments?

(No audible response.)

Ben, thank you very much.

MR. TRIPOUSIS: Thank you.

CHAIRMAN RICHARD: With that we've completed our agenda.

Now, I said at the outset that we were going to hold open the public comment period -- let me just make very clear what I'm talking about -- to allow more time for additional written comments from the public about the Draft 2016 Business Plan, changes that the staff is recommending to the Board, and the changes that the staff is recommending to the Board here today. We're accepting written public comment by email, over our website, or by letter through 5:00 p.m. on Monday April 25th, 2016.

We ask that those public comments be limited to the materials presented today, namely the changes that the staff's proposing about the Draft Business Plan.

No additional oral public comments about the

Draft Business Plan will be taken after today. That comment period is now closed.

After Monday, April 25th at 5:00 p.m., the written comment period about the Draft 2016 Business Plan will close.

The Board will now, unless there's any other Board business -- Supervisor Cortese, I'm going to adjourn my adjournment to welcome Supervisor Cortese. Thank you very much and thank you for the use of the Supervisors Chambers today.

SUPERVISOR CORTESE: Thank you very much. Thank you for being here and thank you for convening here.

You'll be happy to know these are not speech notes, this is your agenda, so I'll put that down.

CHAIRMAN RICHARD: No, that's fine.

SUPERVISOR CORTESE: We were just absolutely thrilled to welcome you here again. This isn't the first time the Authority has met here in these chambers.

I wanted to mention a couple of things. I wear two hats. I serve here as President of the Board of Supervisors. I also serve as Chair of the Metropolitan Education Commission, in my second year in that capacity. And as you know the Commission has done whatever it can, both in terms of advocacy and in terms of trying to convene the appropriate stakeholders to make sure that the strategy

is successful. So welcome in that regard too. We consider ourselves allies to the cause.

I do want to mention in terms of outreach, it's a wonderful discussion that you were having in that regard. The County has been respected for many, many years, many decades, as a very able convener of the 15 cities and other jurisdictions here within the County. We're more than happy to play an active role in that as you give some more thought to what strategies you'd like to deploy. We can certainly go beyond making our chambers available and try to carry out and implement the outreach strategies that you'd like to see, and the convenings you'd like to see, of elected officials here within the 15 cities of Santa Clara County.

So thank you. I'll wrap it up. I know what it's like to be trying to adjourn a meeting and to have a speaker standing at the podium. But I do very much appreciate the opportunity to make a few remarks and again to welcome you here. Thank you.

CHAIRMAN RICHARD: Thank you very much, Supervisor. And thank you for that offer. I'm sure we'll take you up on it. We very much appreciate the good offices of the Supervisors in knowing your community better than we could. So although we did grab one of your good guys with Mr. Tripousis, but --

SUPERVISOR CORTESE: We know that he's done a good job. He did a good job getting me here today, so he's doing his job. Thanks.

CHAIRMAN RICHARD: Thanks so much, sir. Okay with that the Board will now adjourn. And reconvene this meeting next Thursday, April 28th, 2016, at 3:00 p.m.

The April 28th meeting will be held at the City Hall in Sacramento. At the April 28th session, the Board will deliberate and vote on the final 2016 Business Plan, which will be -- in that meeting although there won't be a public comment session that meeting will be open to the public. No public comment will be taken on the 28th. That was for today. The Board will deliberate and adopt a Business Plan and submit it to the Legislature per the statute prior to the May 1 deadline.

So with that, I want to again thank the County of Santa Clara for the use of these facilities, the City of San Jose for its hospitality, and all of you for taking time to come and help us with our deliberations today.

And with that we will stand in adjournment until the 28th of April. Thank you.

(Chairperson Dan Richard adjourned the Public Meeting of
The High-Speed Rail Authority

at 1:27 p.m.)

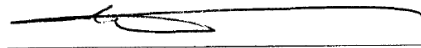
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REPORTER' S CERTIFICATE

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 28th day of April, 2016.



PETER PETTY
CER**D-493
Notary Public

TRANSCRIBER'S CERTIFICATE

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were transcribed by me, a certified transcriber and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 28th day of April 2016.



Myra Severtson
Certified Transcriber
AAERT No. CET**D-852

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

BOARD MEETING
ORDER OF ADJOURNMENT

TRANSCRIPT OF PROCEEDINGS

SACRAMENTO CITY HALL

COUNCIL CHAMBERS

915 I STREET

SACRAMENTO, CA 95814

ADDITIONAL TELECONFERENCE LOCATIONS:

3777 LA JOLLA VILLAGE DRIVE, SAN DIEGO, CA 92122
700 N. ALAMEDA STREET, ROOM 3-532, LOS ANGELES, CA 90012
855 M Street, Suite 1110, FRESNO, CA 93721

THURSDAY, APRIL 28, 2016

3:00 P.M.

Reported by: Peter Petty

APPEARANCESBOARD MEMBERS (*present via telephone)

Dan Richard, Chairman

*Tom Richards, Vice Chair

Daniel Curtin

*Lou Correa

*Bonnie Lowenthal

*Lorraine Paskett

STAFF

Jeff Morales, Chief Executive Officer

Jennifer Thommen, Administrative Assistant

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P R O C E E D I N G S

3:04 p.m.

PROCEEDINGS BEGIN AT 3:04 P.M.

SACRAMENTO, CALIFORNIA, THURSDAY, APRIL 26, 2016

(TELECONFERENCE IN SAN DIEGO, FRESNO & LOS ANGELES)

CHAIRMAN RICHARD: So good afternoon. We will return to order.

I just want to make a few comments as we come back after the recess from last week. As you recall, pursuant to Government Code Section 11128.5 -- which I know all of you have memorized -- but pursuant to that section we adjourned and continued the April 21st Board Meeting, which we held last week in San Jose, to April 28th.

We're now continuing the April 21st High-Speed Rail Board Meeting to today here at Sacramento City Hall. And this is consistent with what I announced last week, both at the April 21st meeting and that the staff posted to the High-Speed Rail website on April 22nd.

The reason that the Board adjourned that meeting to this later date, the April 21st meeting to this later date, was specifically to allow for more time for additional written comments focused on the staff-recommended changes to the 2016 Business Plan that were presented by the staff last week in San Jose.

I announced last week at that time that we would

1 accept written public comments by email, over our website
2 or by letter, specifically about the April 21st staff-
3 recommended changes to the Draft Business Plan. And that
4 we would leave open that comment period through 5:00 p.m.
5 on Monday, April 25th, 2016. We did ask the public to
6 limit those comments and focus them on the proposed staff
7 changes that were recommended at the April 21st Board
8 Meeting.

9 That written comment did close at 5:00 p.m. on
10 Monday. And the staff has gathered these additional public
11 comments, shared them with Board Members and the public.

12 I also announced after the public comment period
13 last week that the oral public comment period had closed
14 for this two-day meeting and that is what has been noticed
15 and posted. So in fairness to everyone, because we had
16 indicated that the comments would all be submitted through
17 those means that I talked about there will be no additional
18 oral public comments taken today, which is really just the
19 second day of this two-day meeting.

20 Finally, at the April 21st Board Meeting, I
21 stated that the Board would deliberate and vote on the
22 final 2016 Business Plan adoption only today. So that's
23 the only item remaining before us today, and that of course
24 this meeting is open to the public.

25 So with that let me ask the Secretary to please

1 call the roll of members and also if you could announce
2 what locale you're speaking from.

3 MS. THOMMEN: Director Schenk?

4 Vice Chair Richards?

5 VICE CHAIR RICHARDS: I'm here in Fresno. There
6 are no members from the public at this site.

7 MS. THOMMEN: Director Rossi?

8 Director Correa?

9 BOARD MEMBER CORREA: Here in Los Angeles,
10 present. There are no members of the public here as well.

11 MS. THOMMEN: Director Curtin?

12 BOARD MEMBER CURTIN: Here, Sacramento.

13 MS. THOMMEN: Director Paskett?

14 BOARD MEMBER PASKETT: Here in Los Angeles.

15 MS. THOMMEN: Director Lowenthal?

16 BOARD MEMBER LOWENTHAL: Here in Los Angeles.

17 MS. THOMMEN: Chair Richard?

18 CHAIRMAN RICHARD: I'm here in Sacramento.

19 First of all, I just want to say that I
20 appreciate -- because we did not really anticipate several
21 weeks ago we were going to have this two-stage part of the
22 last meeting, I want to just start by thanking my
23 colleagues. I know this was logistically a little
24 challenging, but we did want to give the public additional
25 time after the staff recommendations.

1 And I also want to thank the staff, because the
2 logistical challenges fell mainly on their shoulders. And
3 so far so good in terms of having good, clear connections
4 to these venues.

5 So with that we do have a quorum and we'll
6 proceed with this item. Our CEO, Mr. Morales, is standing
7 before the microphone here. And I'm going to ask Jeff to
8 summarize, if you would, the comments that we received from
9 the public pursuant to the staff recommendations made last
10 week.

11 So, Mr. Morales?

12 CHIEF EXECUTIVE OFFICER MORALES: Thank you, Mr.
13 Chair and Members. And for those who are not here in
14 Sacramento, there is no PowerPoint, so you are not missing
15 anything visually.

16 Following on the first part of the meeting last
17 week, we have provided the Board and the public with three
18 documents updated: the errata sheet; the staff-recommended
19 changes; as well as a new document, the Draft Revised
20 Business Plan, which incorporates the errata and the staff-
21 recommended changes as well as additional modifications
22 based on the comments received over the course of the last
23 week and Board direction

24 And it's this document, so it's basically the
25 revised version of the Plan, which I'll refer to as we go

1 through the comments and the changes are marked in red in
2 this document.

3 After the first part of this meeting we received
4 over 90 comments. As you can imagine and as you've seen in
5 reviewing them, there was a significant range of topics and
6 points of view in those comments.

7 I would also point out that a significant number
8 of the comments dealt with, and raised criticisms about
9 alignment issues, and where we were on that. And I want to
10 speak to that just to make it clear that we are not in any
11 way, shape, or form ignoring those comments. But the
12 Business Plan is not the forum for dealing with alignment
13 issues. And we will take those comments into consideration
14 as part of the environmental process, which is where the
15 analysis and the decision making regarding alignments takes
16 place.

17 As we discussed last week, the Revised Plan
18 addresses the key issues that were raised during the
19 comment period and I'll talk about those briefly and point
20 to where we've addressed them. As we discussed Southern
21 California there were a number of questions raised about,
22 and interest in seeing the commitment or recommitment to
23 the Memorandum of Understanding and some greater clarity
24 about how the partnership would work with Southern
25 California or Southern California partners as we go

1 forward.

2 We have dealt with that. We've worked with those
3 agencies to address their comments and their concerns. And
4 you'll see in this document it's touched in a number of
5 places, but the key areas are on pages 53 to 59. There's
6 extensive discussion about Southern California, the
7 projects that will be moving forward, the process, the
8 partnership, the things that we'll be doing in coordination
9 with them.

10 The second area was the issue of Merced and the
11 inclusion of Merced in part of the initial operating leg as
12 well as the addition of a stop in Madera, something which
13 we had not done before but are now including. Again, there
14 are mentions throughout the document, but the key pieces
15 are on page 52 and 53 of the document.

16 An interest in San Francisco, our partner
17 agencies there wanted to see stronger commitment and
18 clarity about getting to Transbay Transit Center, as well
19 as reinforcing the value of getting to San Francisco in
20 terms of the growth and ridership and the revenues that
21 would come with that and what that could mean for
22 attracting private investment. And you'll see additional
23 discussion of that again in several places, but primarily
24 on page 12 and on page 78 and 79 of the document.

25 Bakersfield, as we discussed last week, again

1 there was a concern about the interim station as it was
2 originally proposed in Shafter and what that could mean.
3 We've got language in here, page 11, specifically which
4 reinforces, reaffirms our commitment to continuing and
5 completing the environmental work. And completing the
6 process of getting into Bakersfield as well as reevaluating
7 if there is a need for an interim station where that would
8 be -- and potentially that being in Wasco as opposed to
9 Shafter to tie in with the Amtrak station there.

10 At the Board Meeting last week, the first phase
11 of this, there were several issues -- two in particular
12 that were raised by Board Members and we had some
13 discussion and I wanted to touch on those.

14 The first had to do with the role of public-
15 private partnerships and delivery and how that might come
16 into play. We have not made any assumptions about any new
17 funding or specific financing that might come from a P3.
18 But we have included discussion in a number of places about
19 our unsolicited proposals policy, how that can help us gain
20 insight from the private sector. We've added additional
21 discussion about feedback from the private sector and what
22 the potential benefits of P3 operations could be as we go
23 forward in delivering the first phase of operation.

24 Again there's discussion throughout the document,
25 but I would point specifically to page 14, 39, 46, 61 and

1 71 as areas that we've added in response to Board
2 discussion last week.

3 Secondly, there was Board discussion and interest
4 in making sure that we had adequate discussion of Phase 2
5 and what our ongoing work is, what future work is necessary
6 to advance those segments, and how we'll work in
7 partnership with our local agencies there. And so we've
8 added new sections, new discussion there, you'll find that
9 on pages 60 to 62, a fairly extensive discussion of the
10 Phase 2 commitment and what that looks like and how we'll
11 move that forward. So those are the key issues.

12 I do just briefly -- again as you did -- I want
13 to thank the staff for their work on this. In an
14 environment where no good deed goes unpunished this is a
15 pretty thankless task at times for them, but I think
16 everyone's done a tremendous job. And it's been a lot of
17 work to coordinate all of this and I just want to express
18 my appreciation to them for that and for the support of the
19 Board.

20 And with that I'll take any other questions or
21 comments and then would ask the Board to provide direction
22 on moving forward.

23 CHAIRMAN RICHARD: Thank you, Mr. Morales.

24 So let me start by going around the state, as it
25 were, to get questions or input from Board Members. I'll

1 start in Los Angeles with Board Members Lowenthal, Correa
2 and Paskett in whatever particular order you'd like to
3 start first, to see if there are questions or comments from
4 our colleagues.

5 BOARD MEMBER LOWENTHAL: This is Bonnie. One
6 question I have is this is a Business Plan. Over the
7 coming months and years there undoubtedly will be some
8 changes as we -- you know, the engineers are looking and so
9 on and so forth -- there will be changes. How will that be
10 communicated to the public? Does the Plan get rewritten,
11 how often will it be rewritten?

12 Since I'm new to the Board I really don't know
13 what the future holds.

14 CHAIRMAN RICHARD: Actually, that is a great
15 question to tee up, so that members of the public and the
16 Legislature can have expectation about what would go on in
17 a dynamic process as you've described it.

18 Mr. Morales, do you want to start to respond to
19 that or can --

20 CHIEF EXECUTIVE OFFICER MORALES: Sure.

21 Change and even implementation will be reported
22 in several different ways. Obviously in two years there'll
23 be another Business Plan, which means we start the work on
24 that next week.

25 CHAIRMAN RICHARD: (Laughs) Just take the weekend

1 off.

2 CHIEF EXECUTIVE OFFICER MORALES: Sorry, guys.

3 We do have a -- there is a legislative
4 requirement for a Project Update Report every other year,
5 so in the years between the business plans there's a formal
6 report that has specific statutory requirements in it. And
7 so certainly changes -- any significant changes -- would be
8 noted in that report.

9 But then I would also note, of course, the
10 monthly Board Meetings and through in particular the
11 Finance and Audit Committee, all of the reports about where
12 we are in terms of the status of implementing projects,
13 advancing the environmental sections, expenditure of
14 dollars, all of those things are reported monthly as we go
15 forward.

16 And then certainly, as we come forward with
17 contracts to implement the direction that is laid out in
18 this plan, that would be another occasion to both note
19 progress and discuss and get approval on any change in
20 direction as part of that process.

21 BOARD MEMBER LOWENTHAL: Is the Operations Report
22 available on the website regularly?

23 CHIEF EXECUTIVE OFFICER MORALES: Yes, it is. We
24 post every month -- well, the Finance and Audit Committee
25 like the Board typically meets every month. There may be a

1 few months, one or two months a year, where the Committee
2 does not meet and there would not be reports in that month.
3 But for every meeting there is those are posted on the
4 website and available to the public. And the public can
5 attend those meetings as well.

6 CHAIRMAN RICHARD: I would just add, if I might,
7 just a few other things to supplement what Mr. Morales just
8 said.

9 First of all, with respect to reports to the
10 Legislature, Mr. Morales mentioned the statutorily required
11 reports that come every other year in between the business
12 plans. But in addition to that, of course as you know --
13 and Mr. Correa knows better than anyone -- there are
14 ongoing legislative budget and other oversight-type
15 mechanisms.

16 And, of course, part of the discussion that we've
17 seen this year from the Legislature -- both because of
18 recommendations from the Peer Review Group and actually
19 with our supporting this notion of stronger or I would say
20 more visible legislative oversight -- because I think from
21 our perspective anything that increases the confidence of
22 the Legislature and the public in what we're doing is a
23 benefit.

24 So we have these statutory deadlines and
25 requirements every two years for a Business Plan and every

1 in between year for the Operations --or for the report --
2 but I suspect that there will be ongoing opportunities in
3 the legislative forum to be updating the legislative branch
4 on our progress and on issues and on potential changes.

5 And then second, with respect to our meetings,
6 while I think we're very proud of the transparency of our
7 Finance and Audit Committee and the extensive analysis that
8 is done, the reporting that's done, to the Committee by the
9 staff -- all of which is public -- again the recommendation
10 of the Peer Review Group is that we have a more publicly
11 accessible dashboard of performance metrics. We've been
12 working on that and so there should be even an enhanced
13 opportunity for members of the public to have a sense of
14 what we're doing, both in terms of costs and risks and so
15 forth.

16 But I would just say to Director Lowenthal and to
17 all the rest of my colleagues that this is an area that,
18 while I think that we stand head and shoulders above other
19 governmental bodies, we really want to be top of the class
20 all the time. And your suggestions and others suggestions
21 for how we do that are going to inform us.

22 BOARD MEMBER LOWENTHAL: Thank you, Mr. Chair.

23 CHAIRMAN RICHARD: Director Correa, any questions
24 or comments?

25 BOARD MEMBER CORREA: No comments or questions at

1 this time. Well, actually I just wanted to say that I did
2 just speak to some of the transportation leaders in my
3 district in Southern California and Orange County and they
4 concur with this Plan.

5 CHAIRMAN RICHARD: Great, thank you.

6 Director Paskett?

7 BOARD MEMBER PASKETT: No, I don't have any
8 comments at this time. Thank you.

9 CHAIRMAN RICHARD: Thank you.

10 Vice Chair Richards in Fresno?

11 VICE CHAIR RICHARDS: Only a comment, Mr.
12 Chairman. I think the document itself is going to stand on
13 its own merit.

14 I think that in terms of your involvement in the
15 '12, '14, and now the '16 Plan, I think that from the
16 perspective of process and content and presentation each
17 has gotten better. I think this certainly, while each one
18 was supportable, this is certainly the one that is the high
19 point thus far. And so only with that comment I am very
20 satisfied with the work.

21 And the comments that Jeff and you have made with
22 regards to the staff, I'm sure are echoed by all of us,
23 because it has been an inordinate amount of work, but the
24 quality of the end product really is representative of the
25 work they've done and the level of expertise that they've

1 got.

2 So with that I'm certainly going to support the
3 recommendation for approval in moving this Plan forward to
4 the Legislature.

5 CHAIRMAN RICHARD: Thank you, Tom.

6 Danny, I understand you have like 57 changes you
7 want to make to -- Director Curtin?

8 BOARD MEMBER CURTIN: I do, but I dare not raise
9 any of them. (Laughter.) No, not really.

10 I do want to say though I wanted to ask you a
11 question, Jeff, on the first point you made about Southern
12 California? I believe first of all to the staff, to
13 yourself, and echoing other comments -- especially
14 considering you only had a week for this last go round --
15 this is great work. There's a lot of stuff in there.
16 Speaking for myself, I have a hard time just keeping up
17 with the work you guys are doing, but I fully appreciate
18 it.

19 The question about Southern California, were the
20 additional comments and clarifications -- were they
21 clarifications or were they actual sort of additions to
22 commitments or greater explanations of existing
23 commitments?

24 CHIEF EXECUTIVE OFFICER MORALES: It basically is
25 building off of the agreement that we reached with the

1 Southern California agencies in 2012, a Memorandum of
2 Understanding that committed us to jointly moving forward
3 with improvements. So that's the basis for the discussion.
4 What you see in the plan is a combination of a
5 reaffirmation to the principals and the commitments in that
6 Memorandum, an updating of where we are in terms of
7 progress in moving some of the projects forward, a more
8 specific list of projects and the types of projects that we
9 anticipate moving forward in the very near future, and the
10 process that we'll use for doing that.

11 BOARD MEMBER CURTIN: So sort of an expanded
12 definition of where we were and are?

13 CHIEF EXECUTIVE OFFICER MORALES: Yes. And a real
14 game plan for moving forward and I'll say we're already
15 working with SCAG and with the other agencies to -- we're
16 looking beyond the adoption of the Plan and toward
17 implementation in making sure that we hit the ground
18 running in terms of continuing to move these projects
19 forward.

20 BOARD MEMBER CURTIN: Right. And it sort of
21 leads me to a point I want to make. First of all, thank
22 you for additional clarification on the public-private
23 partnership process. I don't think it was any real change,
24 but people who read through this much more carefully than I
25 may look at a sentence or two that says, "We welcome these

1 opportunities for either unsolicited or good ideas on
2 whether public-private partnership potential exists." I
3 think they read that and that helps them at least think
4 through what they might want to propose, so I thank you for
5 that. And thank everybody for putting that --

6 BOARD MEMBER LOWENTHAL: We're missing what
7 you're saying, Danny?

8 BOARD MEMBER CURTIN: Don't lose any sleep over
9 that.

10 VICE CHAIR RICHARDS: It's too late Danny.

11 BOARD MEMBER CURTIN: I'll tell you when you can
12 wake up. I'll ring the bell.

13 But it does lead me to say one thing, and it's
14 right in the front. You know, when I talk to people about
15 this -- and I'm in the political world -- the question is,
16 "Well, golly. Why did you go from one part of the state to
17 the other?" And the premise there is that we're abandoning
18 one half of the state and going to the other half of the
19 state.

20 And the reality is far more complex and I think
21 it's very well-defined, but in the opening executive
22 summary it's clear that we're making strategic investments
23 throughout the state. As the same we're focusing on
24 completing one segment, because that's where the finances
25 lead, quite frankly.

1 And third, just as importantly from my point of
2 view we're focusing on making sure we have as much, if not
3 all of the environmental requirements necessary around the
4 state, so that if opportunities do arise we're in a
5 position to take advantage of them.

6 So what I try to do is say, "Well, we're not
7 exactly shifting." Yes, we are focusing on completion of
8 the northern section and I want to thank Chairman Richard
9 for the effort he's made on the Merced portion of it. I
10 don't know if I'm stepping on any toes there, because I
11 think it was brilliant and very important for the
12 university connected to Silicon Valley and Fresno and so on
13 and so forth.

14 But to me it's one big project and you have to go
15 where the resources sort of allow you to go until other
16 resources appear. And I was thinking about the state
17 highway system, we're still talking about portions of the
18 state highway system that haven't been completed. And they
19 didn't discuss those portions 49 years ago when they
20 started it. They put the backbone together and they didn't
21 discuss those portions 40 years ago when they started it.
22 They put the backbone together and it evolved over the
23 course of time.

24 And that's exactly what we're doing, so I try to
25 reassure the people I work with that no, there's been no

1 abandonment. There's been no changes in that respect. We
2 need to work all over the state, but this is one place we
3 can get this portion done and up and running. We're not
4 leaving everybody else out and, in fact, if we get enough
5 cooperation and find resources there'll be a lot of
6 concurrent construction going on around the state.

7 So I want to congratulate you for putting a great
8 Plan together with the team and for Chairman Richard's
9 leadership on this. It's been really informative and
10 exciting for me.

11 CHIEF EXECUTIVE OFFICER MORALES: I would just
12 only respond in one way, which is I think another important
13 element of this is the added element, an increasing element
14 of coordination with the State Transportation Agency, and
15 what that brings to the table in terms of being able to
16 leverage more dollars, more opportunities, and really look
17 at this as a statewide rail system and not just our piece
18 of it.

19 BOARD MEMBER CURTIN: Right.

20 CHIEF EXECUTIVE OFFICER MORALES: And that's
21 going to keep things moving all over the state.

22 CHAIRMAN RICHARD: Yeah, I appreciate that
23 comment, because while it's nice to hear nice things said
24 from a respected colleague -- but I really can't take any
25 credit for the Merced decision. Because picking up on what

1 our CEO, Mr. Morales, just said I think the breakthrough
2 idea there really came from Brian Kelly's office and came
3 from Chad Edison who is the Deputy Secretary for Rail.

4 And Secretary Kelly is a huge supporter of high-
5 speed rail, sees it as key to the future of the state. And
6 one of the things that he did was he recruited from the
7 Federal Railroad Administration, this extremely capable
8 person in Chad Edison who basically was able to help us cut
9 the Gordian Knot of how to serve a community that very much
10 wanted to be served and very much deserved to be served.
11 And do it in a way that could be effective and efficient
12 and more achievable budget-wise.

13 So thank you Danny for the nice words, but I'm
14 going to pass that over to CalSTA, because they really
15 helped us get there on that.

16 So if I might at this point I'd just like to just
17 make a couple of comments and before I do just clarify a
18 few things with Mr. Morales. First, Jeff, you said
19 something very important at the beginning with respect to a
20 large portion of the comments being from people who were
21 concerned about alignment issues. And you said that the
22 Business Plan is not where we deal with alignment issues.
23 And I think that was an important thing to say.

24 I just want to underscore it, would it be
25 accurate to add to that, that nothing in the Business Plan

1 that we do prejudices any future specific alignment whether
2 it's into the Los Angeles Basin or into San Jose or into
3 San Francisco as somewhat circumscribed by statute? But I
4 think I'm correct on that -- would you agree that nothing
5 in this Business Plan would prejudice any of those future
6 decisions on alignment?

7 CHIEF EXECUTIVE OFFICER MORALES: I want to make
8 sure I say -- I agree, you're correct. Yes.

9 CHAIRMAN RICHARD: Yeah, okay. Because I just
10 want to give that reassurance to citizens. I know as we
11 come into these communities there are issues and we need to
12 be sensitive to those issues. But the Business Plan as
13 it's prescribed by the Legislature is for a different
14 purpose and we do have a full environmental process that
15 looks at the alignment issues.

16 CHIEF EXECUTIVE OFFICER MORALES: And that
17 environmental process, those processes are underway and the
18 comments that we received that really relate to that will
19 be factored into and considered in the ongoing
20 environmental processes.

21 CHAIRMAN RICHARD: Okay. The second thing is I
22 appreciate the staff's work and your work specifically with
23 our Southern California Transportation partners in
24 providing that restatement and reassurance that they were
25 seeking of the commitment that we made.

1 And one of the things that we indicated to the
2 Legislature was that it's not just a commitment that we
3 made, because the Legislature in passing Senate Bill 1029
4 in 2012 appropriated a portion of our state bonds to
5 fulfill that commitment. And we're very focused on helping
6 to unlock those dollars as soon as we can.

7 But again, just for the record it's my
8 understanding that in addition to their oral expressions
9 that basically they did formally comment by letter that the
10 additional language that has been developed was
11 satisfactory in giving that restatement of our commitment.
12 Is that right?

13 CHIEF EXECUTIVE OFFICER MORALES: Yes, that's
14 correct. And we've all committed jointly to now moving
15 forward and implementing this.

16 CHAIRMAN RICHARD: And that's going to continue
17 to be a very strong partnership led by a number of really
18 extraordinarily capable transportation leaders in Southern
19 California: Hasan Ikhrata and Art Leahy and Phil Washington
20 and the many transportation agency leaders in the counties
21 there, so that's good.

22 And then similarly, on Bakersfield my
23 understanding is that with the staff recommendation to not
24 have an interim station that while we know we still have a
25 lot of alignment questions and other questions in

1 Bakersfield that this has been favorably received?

2 CHIEF EXECUTIVE OFFICER MORALES: Yes, it has.

3 And the Board heard from the planner from the City of
4 Bakersfield at the meeting last week. And next month's
5 Board meeting will be in Bakersfield where we'll underscore
6 those commitments by showing the progress that we've made
7 and doing it jointly with the City of Bakersfield, which is
8 a significant turnaround from where things have been. And
9 we're committed to continuing that.

10 CHAIRMAN RICHARD: So I just want to say before
11 we turn to vote to adopt this, just a few things about the
12 significance of it.

13 First of all, just to reiterate and underscore
14 what our CEO has said -- coming out of the meetings, coming
15 out of the Draft Business Plan -- which we always knew
16 would be a dynamic document, it has been in the past and
17 perhaps even more so this year -- these four large-scale
18 issues in addition to other things that we needed to look
19 at of a reiteration of our commitment to moving forward in
20 Southern California.

21 I think we've said in front of the Legislature
22 and in Southern California that while San Jose may get
23 trains first you're likely to see dollars first in the Los
24 Angeles Basin and Orange County and throughout the
25 Southland, because we're committed. And again, as Mr.

1 Morales said with the partnership of the California State
2 Transportation Agency to get projects moving that will have
3 immediate significance and ultimately lay the groundwork
4 for full high-speed rail.

5 So that was one issue. Finding a way to get
6 Merced and Madera back into the initial operating segment,
7 we're going to have to do work with them continuously on
8 that. But we're very optimistic that that is going to
9 happen and we're committed immediately to doing the
10 ridership and cost studies. And just as we were able to do
11 with Anaheim several years ago, I think that this will
12 increasingly be integrated into the Plan.

13 In San Francisco, restating the importance of
14 getting into San Francisco, getting in the right way.

15 And then Bakersfield, setting us for when we do
16 launch south.

17 All of these were issues. All of them have been
18 addressed in ways that while maybe aren't fully fleshed out
19 are satisfactory to the partners that we will need to work
20 with closely as we go forward. So I just want to express
21 thanks to those partners as well as to our staff for making
22 that work.

23 And then finally, I just want to say this about
24 what I think is the significance of this Business Plan.
25 You know, contrary to some commentary, I think most of us

1 at the High-Speed Rail Authority were very excited about
2 this Business Plan, because for the first time we're able
3 to tell people how something of great significance can
4 actually get built. How it can get built, how it can get
5 funded, what it will connect and when it will be done.
6 And up until this year those have all been largely planning
7 based and aspirational.

8 And now, if we continue to receive the allocation
9 of funds that the Legislature has seen fit to give us, with
10 the other funding that's available to us, we can open
11 America's first operating high-speed rail system and
12 connect two really important regions of our state: one that
13 is the engine of not only California's economy, but the
14 national economy, and to a certain extent the global
15 economy in Silicon Valley.

16 And the other, an area in the Central Valley, of
17 historic underinvestment and where despite a number of
18 wonderful communities and the most productive agricultural
19 land anywhere on the planet, there is also associated with
20 that unemployment, poverty, and a lack of economic
21 diversity.

22 And the opportunity, I think, that that presents
23 for those communities came into stark relief -- not that we
24 intended it this way -- but in what happened with Merced
25 and Madera. And as those communities pushed us very, very

1 hard for inclusion what came out was a real sense of how
2 vitally important this connection could be for the future
3 of those regions in the broader Central Valley.

4 I think that's a very important story to come out
5 of this Business Plan. So for me the two big issues here
6 are one, for the first time we can tell the Legislature and
7 the people that they represent that we can and will build
8 high-speed rail in California. And that once we do that,
9 that will unlock not only the latent private-sector
10 investment that's there, but I think additional public
11 support as well. And that's an exciting prospect.

12 And the second thing is how important it turns
13 out that high-speed rail is to these communities. And the
14 excitement that we've seen in San Jose, the excitement that
15 we've seen in San Francisco, the need for us to make sure
16 the people in Bakersfield and Merced and Palmdale and
17 Anaheim and Burbank know that we're still committed to
18 driving to get to their communities as fast we can; and
19 seeing the pent-up interest and desire and demand for this
20 connectivity there.

21 To me those are the two hallmarks of this
22 Business Plan. It is just a document, but I think it
23 really lays out a course for a California future that's
24 productive and exciting.

25 So I just want to end where I began, thanking

1 everybody who was involved in putting this together.
2 Thanking my colleagues who worked very, very hard on this
3 to not only understand the issues, but to challenge and
4 question.

5 And I think this is a product that we should all
6 be proud of to transmit to the Legislature in advance of
7 the statutory deadline and in a way that we believe fully
8 fulfills our duties pursuant to the statute.

9 So with that unless there are other questions I
10 think we have a motion in front of us for adoption of the
11 2016 Final Business Plan for approval by this body and
12 transmittal to the Legislature.

13 Could I have one of my colleagues move that?

14 BOARD MEMBER CURTIN: So moved.

15 BOARD MEMBER LOWENTHAL: Second.

16 CHAIRMAN RICHARD: It's been moved by Director
17 Curtin and I believe that was seconded by Director
18 Lowenthal, if I heard that correctly?

19 BOARD MEMBER LOWENTHAL: Correct.

20 CHAIRMAN RICHARD: Okay. Would the Secretary
21 please call the roll?

22 MS. THOMMEN: Director Schenk?

23 Vice Chair Richards?

24 VICE CHAIR RICHARDS: Yes.

25 MS. THOMMEN: Director Rossi?

1 Director Correa?

2 BOARD MEMBER CORREA: Aye.

3 MS. THOMMEN: Director Curtin?

4 BOARD MEMBER CURTIN: Yes.

5 MS. THOMMEN: Director Paskett?

6 BOARD MEMBER PASKETT: Yes.

7 MS. THOMMEN: Director Lowenthal?

8 BOARD MEMBER LOWENTHAL: Yes.

9 MS. THOMMEN: Chair Richard?

10 CHAIRMAN RICHARD: Yes.

11 And with that it's adopted. Thank you all very,
12 very much.

13 And there being no other business before the
14 High-Speed Rail Authority today I want to again thank the
15 staff for the logistics, which I think worked out very well
16 on short notice and a challenging situation.

17 Thank you again to my colleagues for making
18 yourselves available and with that, this meeting is
19 adjourned. Thank you.

20 (Chairperson Dan Richard adjourned the Public Meeting of

21 The High-Speed Rail Authority

22 at 3:41 p.m.)

23 --oOo--

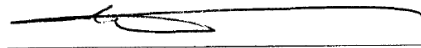
24

REPORTER'S CERTIFICATE

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 12th day of May, 2016.



PETER PETTY
CER**D-493
Notary Public

TRANSCRIBER'S CERTIFICATE

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were transcribed by me, a certified transcriber and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 12th day of March, 2016.



Myra Severtson
Certified Transcriber
AAERT No. CET**D-852